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EXPLANATORY NOTE

This volume is an outgrowth of a pamphlet issued in 1913 in the Abridged Debaters' Handbook Series. At that time minimum wage legislation was still a speculative question in the United States. The Massachusetts act had just been passed and other legislation was pending. The passage of minimum wage acts by nine states during the same year did not take the subject out of the realm of discussion, and with the raising of the question of constitutionality the volume of written matter increased enormously. From this literature an attempt has been made to choose wisely such articles as would present the question from many points of view, that of the employer, the trade unionist, the lawyer, the economist, the social worker, etc. In the arrangement of material the articles have been grouped roughly as follows: those bearing on the conditions that call for a regulation of wages; discussions of the economic theory of the minimum wage; reports on the minimum wage in operation. A word may be said for the index, a new feature in this series. An effort has been made to make the index conform to the brief. In the choice of subject headings for the index, catch words from the brief have been used as largely as possible, so that any one working from the brief may turn to the index and find practically every point covered there. The discussion has not been limited to minimum wage for women.

M. K. R.

September 20, 1916.

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BRIEF

Resolved, That minimum wage legislation should be enacted in the United States.

INTRODUCTION

I. The object of minimum wage legislation is to improve the condition of the working classes.

II. Questions for discussion are:
   A. Are bad social conditions due to a low wage?
   B. Is the regulation of wages by law the remedy?

III. The Affirmative will attempt to prove that an insufficient wage is the basic cause of social misery; that the economic law of supply and demand cannot be depended on to regulate conditions; that the theory of the minimum wage is economically sound, and that it has proved successful in operation.

IV. The Negative will attempt to prove that social ills are due to many causes, of which low wage is but one; that low wages, in fact, are due to other causes; that wages cannot be regulated by law since other natural causes operate to control them; that other remedies, chief of them vocational training, are needed in place of the proposed minimum wage legislation, and that where tried minimum wage has had a doubtful success.

AFFIRMATIVE

I. Low wage is the basic cause of social misery.
   A. A large per cent of the working population is living below a subsistence wage.
      1. Out of this condition grow many evils, among them child labor, sickness, premature old age, dependency on charity.

B. While this condition exists all efforts at social betterment are only palliative; they do not touch the root of the matter.

II. Wage regulation is the only remedy.
A. Natural or economic laws cannot be relied on, because
1. The cost of living rises more rapidly than wages; real wages are continually being lowered.
B. In the unskilled trades there is no standardization.
1. Employers pay the lowest wage a worker will accept.
2. Different employers in the same trade pay at rates that vary greatly.
3. Without a very exact system of cost accounts, the employer cannot say how much a worker is "worth."
C. Organization, by means of which wages are regulated in the higher trades, is less effective among the unskilled.
D. Education and industrial training, advocated as a means of raising the wages of the unskilled, will be ineffective so long as standards remain low.

III. The theory of the minimum wage is economically sound.
A. Every worker who is worth anything is worth a living wage.
B. An industry that does not pay its way is "parasitic."
C. Minimum wage legislation is in a class with other social legislation, such as
1. The establishment of a minimum for hours, sanitation, etc.
2. The regulation of the payment of wages (payment by the week, payment in currency, etc.).

IV. Minimum wage legislation will prove successful in practice.
A. It has been successfully administered in Australia, New Zealand, England, and in states of the United States.
B. It will improve the condition of the workers.
1. By a direct increase in wages, making possible better living conditions.
2. By lessening unfair competition and underbidding, i. e.
a. Underbidding of men by women.
b. Of adults by children.

3. It will increase individual efficiency by
   a. Improving the physical condition of the workers.
   b. Setting a standard which stimulates the workers to keep up to the mark and improve.
4. It will act as a stimulus to organization among the unskilled.

C. It will benefit the employer.
1. By eliminating unfair competition.
   a. The lowest grade of employers are brought up to a level with the best.
   b. Capital is forced out of overcrowded industries into other fields.
2. By lessening friction and the danger of strikes.
   a. Workers have less cause for dissatisfaction.
   b. Workers and employers have a common meeting ground on wages boards and can come to a better understanding.
3. By leading to improvement in methods of production and the quality of goods.
   a. The establishment of efficiency methods often results from the employer's desire to offset the rise in wages.
   b. He will demand and receive better work from his employees.
   c. Experience proves that high priced labor is often the cheapest.

D. It will benefit society
1. By lessening the burdens of charity.
2. By separating the "unemployables" from the able workers as a class needing special attention.
3. By stabilizing labor conditions and lessening industrial unrest.
4. By promoting the welfare of future generations thru the conservation of the health of the mothers and by lessening the necessity for early employment of children.

E. Evil results predicted have not materialized where it has been adopted.
1. Apprentices, part time workers and workers below standard have been provided for by special clauses in minimum wage acts.

2. The rise in prices predicted has been offset by other forces, among them increased productivity; increased purchasing power on part of the workers.
3. Any such rises of price as have resulted have not fallen heavily on any one consumer because the price of labor is a small part of the cost of production.
4. The minimum has not become the maximum.

NEGATIVE

I. Low wage is not the primary cause of bad social conditions.
   A. Poverty is due to many causes, among them
      1. Inefficiency and lack of training.
      2. Wastefulness, love of luxury and evil habits generally.
   B. Low wages themselves are due in a large measure to inefficiency.

II. Wage regulation would not correct the evils aimed at, because
   A. Other causes of poverty would still be operative.
   B. The bad effects (increase of unemployment, etc.) that would follow would augment the problem.
   C. The inevitable rise in prices would neutralize the effect.
   D. It would not touch the home workers.

III. The theory of the minimum wage is not economically sound.
   A. Wages are subject to regulation by
      1. Law of supply and demand.
      2. Bargaining between employer and employee.
   B. Any attempt to interfere with the workings of natural laws would lead to financial instability.
      1. Minimum wage laws are inelastic and would not allow for adjustment in times of depression.
   C. An employer cannot be forced to pay a worker more than he is worth.
      1. Wages must correspond to service rendered not to need of the worker.
   D. The apparent increase in wages by a minimum wage law is false, because

1. With the inevitable rise in prices real wages remain the same or are lowered.

E. Minimum wage legislation is not in a class with other legislation to which it is compared.
   1. Hour regulation grows out of evils inherent in the industry.

F. Minimum wage legislation is an attempt to regulate by artificial means a condition to which education and other natural remedies should be applied.

IV. Minimum wage legislation cannot be pronounced successful in practice.

A. It has so far been tried out in countries where conditions differ from our own.
   1. Australia and New Zealand are sparsely settled countries.
   2. In England it has been tried in a few trades only.

B. Experience in the United States does not warrant conclusions as to its success.
   1. Compulsory minimum wage has not been tried in an industrial state.
      a. The Western states are not industrial.
      b. The Massachusetts law is not compulsory.

C. Credit is given to wages boards in Australia and New Zealand which belongs to other agencies.

D. Such conclusions as can be drawn are not favorable.
   1. To the workers, because
      a. The minimum tends to become the maximum.
      b. Many workers who are below standard are thrown out of employment.
      c. Organization among workers is checked.
      d. Initiative and personal effort are discouraged.
   2. To the employer, because
      a. Those who cannot meet the minimum are driven out of business.
      b. The smaller firms are at a disadvantage.
      c. Industries cannot meet the competition of other states that are not so hampered.
      d. Employees assured the minimum wage lose interest and are more inclined to shirk.

3. To society, because
   a. The cost of living rises as a result of increase in prices.
   b. Unemployment and other social ills are increased.
   c. A new class of defectives (those below the minimum standard) must be cared for at society's expense.
   d. There is a chance that undesirable immigration may be further increased.
   e. The present movement from country to city will be further encouraged by the prospect of better wages.

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ORGANIZATIONS

National Consumers' League. 289 4th Ave. N. Y. City.

Issues a number of pamphlets on Minimum Wage. For sale at from 1c. up.

National Retail Dry Goods Ass'n. 33 W. 72d St. New York City.

Has issued several bulletins on Minimum Wage. For sale at 25c.

National Women's Trade Union League of America. 166 W. Washington St. Chicago

Issues pamphlets bearing on the subject of women in industry; also publishes "Life and Labor," a monthly magazine.

SELECTED ARTICLES ON MINIMUM WAGE

INTRODUCTION

Experimentation with minimum wage legislation has been confined practically to the English speaking countries. The pioneers in this kind of wage regulation were the states of Australasia; Great Britain followed in 1909, and in 1912 Massachusetts entered on a course which with modifications has been adopted by ten other states of the union.

The Industrial Conciliation and Arbitration Act was passed by New Zealand in 1894. It was a compulsory arbitration law, intended primarily for the prevention of strikes and lockouts, but it gave to the arbitration court the authority to fix the conditions of employment, including the minimum wage to be paid, in cases coming before it.

The Factories and Shop Act of Victoria was adopted in 1896. It provides for wages boards made up of equal numbers of representatives of employers and employees, presided over by an impartial chairman who has a deciding vote. These boards are set up for each trade or industry and are required to discuss conditions and to determine by agreement the minimum wages to be paid in the various processes and occupations of their own industry. These rates when fixed and published become legally binding upon all employers in the industry within the area for which the board is appointed.

At first the act applied to six trades only, but it has been extended until it now covers over one hundred, affecting the whole field of industry except agriculture and mining.

These two methods of wage regulation have served as models for all the states that have later taken up the problem.

The New Zealand system was adopted by New South Wales in 1901; by Western Australia in 1902; and by the Commonwealth

of Australia in 1904. The Commonwealth act is designed for the control of disputes extending beyond the limits of one state.

The Victorian system was adopted by South Australia in 1900; by Queensland in 1908; and by Tasmania in 1911.

Some of the points of difference between the two systems should be emphasized. (1) Under the compulsory arbitration system (New Zealand) the board does not take the initiative; it waits until a dispute brings the question of wages before it. (2) A Wages Board (Victoria) deals with an industry as the unit; the arbitration court deals with all the industries within its district. (3) The arbitration court is not made up, as is the Wages Board, of a joint membership of employers and employees, it consists usually of one member, who may be assisted by experts or assessors.

In states that have industrial arbitration boards, agreements between employer and employees may be entered into and registered. These have the force of awards by the board.

Since the original legislation went into effect, there has been a tendency on each side to adopt the best features of the opposite system. Victoria in 1903 and South Australia in 1907 adopted courts of industrial appeals which may review the findings of the wages boards. Queensland in 1912 appointed an industrial court to which appeals may be made. In Tasmania appeals may be made to the Supreme Court. New Zealand and New South Wales each introduced in 1908 a form of wages board or council in connection with their systems of compulsory arbitration.

In addition to the provisions outlined above, all the Australasian states except Western Australia now have laws specifying a wage below which no worker can be employed. This legislation is directed at child labor and the abuses of apprenticeship.

The Trade Boards Act of Great Britain was passed in 1909 and took effect January 1, 1910. It is modeled on the Victorian plan and provides for wages boards for special industries. It was applied to four trades: chain making by hand, paper box making, lace finishing, and wholesale tailoring. The avowed purpose of the act was to deal with sweated industries, and the four were chosen in which wages were most notoriously low. In 1913 it was extended to four others: sugar confectionery and food preserving, shirt making, hollow ware, cotton and linen embroidery.

Plans for its further extension were under consideration at

the outbreak of the war. What the future of the act will be cannot be predicted.

In addition to the Trade Boards Act a special Coal Mines Act of 1912 provided for the establishment of boards to fix minimum rates for all underground workers in coal mines. This was an emergency measure put thru to settle a strike.

The first minimum wage legislation in the United States was enacted by Massachusetts in 1912. It went into effect in July, 1913. It applies to females and minors under 18 years of age and provides for a commission of three members with subordinate wage boards for separate industries. These boards have powers to investigate and recommend. They cannot enforce. Public opinion is depended on as the instrument of enforcement, names of employers refusing to comply with requests being published in newspapers.

In the year that followed, 1913, eight states, Oregon, Utah, Washington, Nebraska, Minnesota, Colorado, California, Wisconsin, passed minimum wage legislation, all modeled more or less after the Massachusetts plan. Only one of them, Nebraska, adopted the non-compulsory feature. In all the others enforcement by compulsion is provided for with provision for a penalty.

California, Oregon and Washington give the commissions broader powers than the fixing of wages and designate them Industrial Welfare Commissions. In Massachusetts, Minnesota and Nebraska where activities are confined to wage fixing the title Minimum Wage Commission is used. Colorado has a State Wage Board.[1] In Wisconsin the minimum wage law is administered by the already existing Industrial Commission and in Utah the Commissioner of Immigration, Labor and Statistics has powers of enforcement. Utah is the one state (in this first group) in which a flat rate was named: $1.25 a day for adult females.

In 1915 Kansas and Arkansas enacted minimum wage legislation. The Kansas act creates a commission to establish thru wages boards standards of wages, hours and conditions of labor for women and minors. The Arkansas act, which went into immediate effect after passage, applies to females engaged in specified industries, mercantile establishments, laundries, etc., and fixes a wage of not less than $1.25 for all workers of six month's experience, $1 for beginners. The same act fixes a nine hour

[1] A letter from the Board says that this law is inoperative.

day and 54 hour week and provides that where the work day is less than 9 hours the wage rate shall be so fixed that the day's pay shall equal $1.25. A commission is appointed with discretionary powers to raise or lower this fixed wage to suit exceptional cases.

For one reason and another many of the laws above outlined have not been put into effect. Their constitutionality was early challenged and Oregon has furnished a test case. The Supreme Court of the state sustained the law. Appeal was then made to the Supreme Court of the United States and decision is still pending.[1]

From the above summary the striking difference between the wage legislation of the states of the United States and that of other countries becomes apparent. The basis of wage regulation in the United States is special legislation for women and minors. There are various reasons for this, first of them the fear that wage regulation which included men would be more quickly declared unconstitutional on the ground of violation of freedom of contract. By classing women with children as wards of the state it is possible to have special protective legislation passed. A great deal of our social legislation in the United States is based on sentiment rather than on reason and justice and it is more easy to arouse sentiment in the interest of women. There is a general feeling, too, that men are more able to help themselves, as indeed they are in the higher trades, thru organization. That there are thousands of under-paid, under-fed men in the unskilled trades does not alter the prevailing optimistic picture of the American Working Man as a hale, hearty and muscular figure in need of no outside aid. (How will the recent eight-hour law passed by Congress affect this view?) But it is true that women as such are less able to help themselves by means of organization. The majority of them are young, the majority of them are unskilled, the majority of them are under-paid (the dues necessary to membership in a union would be beyond their reach), for many their trade life is short. They marry and leave their trades and stability in union organization is hard to maintain. In spite of these obstacles however union organizations among women have been and are successful.

But even granted that there are special reasons why legislation

[1] The Monthly Review of the U. S. Bureau of Labor for July, 1916, announces that a reargument has been ordered.

for women is more imperative, one cannot but feel in reviewing the whole situation that the Australasian countries and Great Britain have taken a more fundamental grasp of the problem. Their legislation is constructive rather than palliative.

It is characteristic of much social legislation in America that the minimum wage question should have been decided by a side issue, the relation of low wages to vice. One would think that starvation wages were in themselves an evil crying for correction, but in all the discussion that preceded the passage of the various 1913 acts, public opinion said in effect: If a girl can starve and keep her "virtue," very well, but if starvation is driving her into evil ways, we must look into the matter!

The low wages of women are due, generally speaking, to the low standards of the worth of women's work. This low standard in turn is due partly to tradition (consider that the inequality between women's and men's wages is more noticeable in the higher trades and professions) and partly to the low grades of work open to women and their lack of special training. Untrained girls fit into machine-like occupations and stay there with no hope of advancement. The multiplication since the civil war of industries demanding quick, sure and reliable mechanical labor has drawn thousands of untrained girls into factories (from where else could the demand have been supplied? There was no other sufficiently large class of unemployed). For such new industries (take for example the factories putting out "breakfast foods," all developed within our own generation) there were no standards. Inexperienced girls were taken on for as low a wage as they would accept (and, weak in bargaining power, they had to accept what was offered) and the standard of low wages for these grades of work was set. It is by this standard that we measure when we say a girl is "worth" only so much, this and the tradition regarding the inferiority of women. (It is to be doubted if any employer of girl labor keeps a cost account so exact that he is able to tell what any one girl is "worth" to his business.)

Minimum wage legislation is constructive, in so far as it sets a new standard. It is palliative in that it does not go to the bottom of the evil it hopes to correct. The lack of progress in the case of many working women (and men too), their weakness in bargaining power, their lack of initiative and general inefficiency can be traced to their early entrance into industry. And their

early entrance into industry, child labor in other words, is due to family poverty, due in turn to the low wage of the chief bread-winner. This is why it appears that the Australasian countries, in attempting to grade up the wages of all low paid workers, without distinction of sex, have taken a more fundamental grasp of the problem. Raising the wages of an under-paid girl a dollar or two may provide the marginal difference between bare comfort and misery but it will not affect very materially the unjust distribution of wealth.

Reference has been made to the recently passed eight-hour law for railway employees. Oregon, the pioneer in wage and hour regulation for women, has also been trying out some experimental legislation for men.[1] These steps may constitute the first break in the conception of women as special wards of the state. Child labor has been dealt a blow by recent congressional action; the time may be coming when the problem of all adult labor and its compensation will be considered on a basis of reason less mixed with sentiment.

MARY KATHARINE REELY.

September 20, 1916.

[1] See Survey 36:73-4, Ap. 15, '16.

AFFIRMATIVE DISCUSSION

LABOR CONDITIONS IN AMERICAN INDUSTRIES[1]

It is evident both from the investigation of this Commission and from the reports of all recent Governmental bodies that a large part of our industrial population are, as a result of the combination of low wages and unemployment, living in a condition be actual poverty. How large this proportion is cannot be exactly determined, but it is certain that at least one-third and possibly one-half of the families of wage earners employed in manufacturing and mining earn in the course of the year less than enough to support them in anything like a comfortable and decent condition. The detailed evidence is presented in a separate report which is submitted for transmittal to Congress.[2] At this point it is sufficient to call attention to the results of the most exhaustive and sweeping official investigation of recent years, that of the Immigration Commission, which reported to Congress in 1909. This investigation secured detailed information regarding the daily or weekly earnings of 619,595 employees of all classes in our basic manufacturing industries and in coal mining, and information regarding income and living conditons for 15,726 families.

It was found that the incomes of almost two-thirds of these families (64 per cent) were less than $750 per year and of almost one-third (31 per cent) were less than $500, the average for all being $721. The average size of these families was 5.6 members. Elaborate studies of the cost of living made in all parts of the country at the same time have shown that the very least that a family of five persons can live upon in anything approaching decency is $700. It is probable that, owing to the fact that the families investigated by the Immigration Commis-

[1] By Basil M. Manly. From Final Report of Commission on Industrial Relations.

[2] Report of Edgar Sydenstricker: Labor Conditions in American Industries.

sion were, to a large extent, foreign born, the incomes reported are lower than the average for the entire working population; nevertheless, even when every allowance is made for that fact, the figures show conclusively that between one-half and two-thirds of these families were living below the standards of decent subsistence, while about one-third were living in a state which can be described only as abject poverty.

American society was founded and for a long period existed upon the theory that the family should derive its support from the earnings of the father. How far we have departed from this condition is shown by the fact that 79 per cent of the fathers of these families earned less than $700 per year. In brief, only one-fourth of these fathers could have supported their families on the barest subsistence level without the earnings of other members of the family or income from outside sources.

Other facts collected in this investigation show conclusively that a very large proportion of these families did not live in decency and comfort. Thirty per cent kept boarders and lodgers, a condition repugnant to every ideal of American family life, especially in the crowded tenements or tiny cottages in which the wage earners of America characteristically live. Furthermore, in 77 per cent of the families two or more persons occupied each sleeping room, in 37 per cent three or more persons, and in 15 per cent four or more persons.

The most striking evidence of poverty is the proportion of pauper burials. The repugnance of all classes of wage earners of all races to pauper burial is such that everything will be sacrificed and heavy debts incurred rather than permit any member of the family to lie in the "potters' field"; nevertheless in New York City one out of every twelve corpses is buried at the expense of the city or turned over to physicians for dissection.

The terrible effects of such poverty may be outlined in a few paragraphs, but their far-reaching consequences could not be adequately shown in a volume.

Children are the basis of the State; as they live or die, as they thrive or are ill-nourished, as they are intelligent or ignorant, so fares the State. How do the children of American workers fare?

It has been proved by studies here and abroad that there is a direct relation between poverty and the death rate of babies; but the frightful rate at which poverty kills was not known, at

least for this country, until very recently, when through a study made in Johnstown, Pa., by the Federal Children's Bureau, it was shown that the babies whose fathers earned less than $10 per week died during the first year at the appalling rate of 256 per 1,000. On the other hand, those whose fathers earned $25 per week or more died at the rate of only 84 per 1,000. The babies of the poor died at three times the rate of those who were in fairly well-to-do families. The tremendous significance of these figures will be appreciated when it is known that one-third of all the adult workmen reported by the Immigration Commission earned less than $10 per week, even exclusive of time lost. On the showing of Johnstown these workmen may expect one out of four of their babies to die during the first year of life.

The last of the family to go hungry are the children, yet statistics show that in six of our largest cities from 12 to 20 per cent of the children are noticeably underfed and ill-nourished.

The minimum amount of education which any child should receive is certainly the grammar school course, yet statistics show that only one-third of the children in our public schools complete the grammar school course, and less than 10 per cent finish high school.[1] Those who leave are almost entirely the children of the workers, who, as soon as they reach working age, are thrown, immature, ill-trained, and with no practical knowledge, into the complexities of industrial life. In each of four industrial towns studied by the Bureau of Labor Statistics, more than 75 per cent of the children quit school before reaching the seventh grade.[2]

The great seriousness of this conditions is even more acutely realized when it is known that in the families of the workers 37 per cent of the mothers are at work[3] and consequently unable to give the children more than scant attention. Of these mothers 30 per cent keep boarders and lodgers and 7 per cent work outside the home.

As a final statement of the far-reaching effects of the eco-

[1] Elimination of pupils from school. Edward L. Thorndike. Bull. 379, U. S. Bureau of Education.

[2] Conditions under which children leave school to go to work. Vol. VII of Report on Conditions of Woman and Child Wage Earners in the United States. S. Doc. No. 645, 61st Cong., 2d Sess.

[3] Summary report on immigrants in manufacturing and mining. Vols. 19 and 20 of Reports of the Immigration Commission. S. Doc. No. 633, 61st Cong., 2d Sess.

nomic condition of American wage earners, it seems proper to quote the following statement of the Chicago Commission on Crime, which after thorough investigation has reported during the past year:

> The pressure of economic conditions has an enormous influence in producing certain types of crime. Unsanitary housing and working conditions, unemployment, wages inadequate to maintain a human standard of living, inevitably produce the crushed or distorted bodies and minds from which the army of crime is recruited. The crime problem is not merely a question of police and courts, it leads to the broader problems of public sanitation, education, home care, a living wage, and industrial democracy.[1]

WAGES AND WAGE LEGISLATION[2]

Wages

One-half of all the wage earners, including men and women, in the four principal industries investigated (confectionery, paper box and shirt manufacturing and mercantile establishments), receive less than $8.00 a week. Out of a total of 104,000 persons, one-eighth receive less than $5.00, one third less than $7.00, two-thirds less than $10.00, and only one-sixth are paid $15.00 or more.

In speaking of wages, one important distinction should be made between the *wage rate,* which is the amount a person may expect to earn when steadily at work, or after completing an allotted task within a certain period of time, and the *actual earnings,* which are frequently less than the rates quoted because of part time or irregular work, and fines for lateness, breakage, mistakes, and payment for machine, needle and thread—such as, for instance, is still the custom in some establishments in the shirt industry.

One-half of all the employees, including men and women, in the mercantile establishments investigated are rated at less than $9.00 a week. A large majority, about 40,000, of these low paid employees are women and girls. Of these, more than 20,000 (54 per cent) are rated at less than $7.50 per week, and more than 10,000 (25 per cent) at less than $6.00. In the shirt manufacturing establishments, where about 3,000

[1] Report of the City Council Committee on Crime, Chicago, Summary of Findings, Sec. 14, p. 12.

[2] From New York Factory Investigating Commission, 4th Report, 1915. p 33-50.

girls and women are employed by the week, more than half (1,561, or 53 per cent) are rated at less than $5.00. Similarly, out of 4,000 women and girls employed in the paper box factories, more than 2,000 (53 per cent) are rated at less than $6.50 a week, and 1,200 (30 per cent) at less than $5.50. In the confectionery establishments out of 4,600 female workers more than 2,300 (52 per cent) are employed at less than $6.00, and almost 1,000 (20 per cent) at less than $5.00 for a full week's work.

Piece Rates.—It is customary in all these trades to pay some workers by the piece instead of by the week. This means that in the busy season there is a greater opportunity of making more money, but it is usual, especially in the unorganized trades, to drive the workers to excessive speed. For instance, in the investigation of the confectionery industry, it is found that a hand dipper must coat about 15 pounds, say 720 pieces, of cream candy with chocolate per hour, or one piece every five seconds, to earn 15 cents. A girl to earn $6.00 a week in the paper box industry must paste paper strips on the sides of 6,000 boxes, or one every half minute. To earn $6.50 a week a shirt operator must join the backs and fronts of 5,208 shirts.

Rates and Earnings.—If the season is slack in any one of these trades, a girl does not make as much money. In any adequate consideration of wages, therefore, the actual weekly earnings must be taken into account both for time workers and for piece workers, and it is recognized that these earnings form a better criterion of remuneration than the statement of rates of wages by themselves.

Women's Earnings.—Taking account, then, of the money actually received as wages by the women and girls employed in these industries, it is found that in the stores the earnings of 20,000 females (54 per cent of all employed) are less than $7.50 per week; 10,000 (25 per cent.) receive less than $5.50 during an ordinary week. These earnings include, where ascertainable, all commissions paid to salespeople. In the shirt industry, which is largely on a piecework basis, of about 9,000 employed more than 4,800 (54 per cent) received less than $7.00 at the end of a week, and more than 2,500 (26 per cent) received less than $5.00. In the manufacture of paper boxes the proportions are about the same—of some 7,500 females

employed more than one-half (4,000 or 55 per cent) receive less than $7.00, and almost one-fourth (1,600 or 22 per cent) less than $5.00. In the confectionery industry, employing about 5,500, almost 3,000 (55 per cent) receive less than $6.00, and more than 1,100 (21 per cent) less than $5.00.

Age, Experience and Personal Condition

Wage and Experience.—These low wages are by no means paid only to apprentices, either in factories or stores, but to large numbers of women who have been continuously in industry for years, many of whom have been working for the same employer a long time and whose very presence in the factory or shop for so long a period presupposes efficiency.

Half of those who have five years' experience in stores are receiving less than $8.00 a week, and only half of those with ten years' experience receive $10.00 or more. In the large department stores, 53 per cent. of the women get less than $8.00 a week; in the smaller neighborhood stores, 68 per cent get less than $8.00, and in the 5 and 10 cent stores, 99 per cent get less than $8.00 a week.

Age and Wage.—Sixty per cent. of the women in mercantile establishments are over twenty-one years old. The same is true in the shirt and paper box industries, though in the candy trade 54 per cent are between sixteen and twenty-one. The majority of the women in the trades studied reach the $8.00 level only after thirty years of age.

Home Relations.—The explanation, and frequently the excuse, for the prevalence of low wages paid to women is the assumption that they do not need to be self-supporting, but are living at home. The value of a worker should not be judged by the fact that she may be supported by another member of her family. She is a unit in the industry in which she works, and for her labor the industry should pay her at least a wage adequate for self-support.

Our investigation shows that two-thirds to three-fourths of all women and girls employed are unmarried, but it shows clearly that they do not work for pin money. Women workers are in industry because they must be there either to support themselves, to eke out the earning of other members of the family, or because through accident or chance the entire

burden of supporting the family has fallen upon them. Women who are widowed, divorced, or deserted, women solely dependent upon themselves, girls whose fathers have died or are ill, are among this great army of workers in no small numbers.

In a special study of 1,300 individual women, it was found that 65 per cent live with their families, 75 per cent of whom turned all their wages into the family budget, and more than 20 per cent paid board; 15 per cent live entirely alone, or with strangers or friends.

Cost of Living

A typical weekly budget of a girl working in a trade for $6.00 a week is as follows:

Half of the furnished room	$1.50
Breakfast and dinner	2.10
Lunch	.70
Carfare	.60
Clothes at $52 a year	1.00
Total	$5.90

This leaves a balance of 10 cents. In this account there is no allowance possible for doctor or dentist, amusements, newspapers, or extra carfare. After saving the balance for one year, this girl would have $5.20 if she worked steadily and had no expenditures other than those given in the schedule. But the trade in which she works is seasonal, so she will not work the full fifty-two weeks. Her annual income may therefore be reduced one-fifth or more from even the low level given above.

Dr. Streightoff in his report states that the cost of living includes "food, clothing, shelter, intellectual development, recreation, and a provision for the future." He holds this to be a concept of a decent livelihood which is defensible at every point. In considering the question of adequate self-support the standard of living set by such an organization as the Young Women's Christian Association, dealing largely with working women, may be accepted. This organization has a list of available rooms and boarding places, which have been investigated, and which it considers suitable for working women. On inquiry, it is found that there are only a few rooms in New York City at $2.50 a week; that comfortable

rooms can be secured usually only at $4.00 a week, and that occasionally board and lodging may be had for $7.00, but that the usual price is $9.00.

It is quite apparent that this standard is altogether too high for the great mass of working women investigated, over 50 per cent of whom receive less than $8.00 a week. Dr. Streightoff, after careful computation and study of reports of students of the subject, concludes that the very lowest sum upon which a working woman can decently maintain herself in that "city of the State where the rents and food prices seem about the lowest, in Buffalo, is $8.20 per week the year round, and in New York City, $9.00." Even at this figure it will be seen that the great army of working women can not adequately support themselves.

Vocational and Trade Training

The Commission inquired into the question of vocational and trade training in relation to these low paying industries. In the paper-box industry an extensive study was made by Professor Robert J. Leonard, of Indiana University. This industry has followed the usual line of development. There is a great subdivision of labor, a worker does but one thing over and over again throughout the entire day. A short course in vocational training was recommended in certain departments where men worked, but in the case of girls and women, who constituted 82 per cent of the workers, the conclusion was reached, "that no scheme of vocational training would increase the wage earning at all for the great bulk of workers." In this he was upheld by most of the employers.

The State must recognize its obligations to cooperate with industry for the advancement of its citizens, and industry must recognize its obligation to the State. If industry has been so developed that it makes for intellectual deterioration in its workers, the State in some manner must counteract and correct that evil. Herman Schneider, dean of the College of Engineering of the University of Cincinnati, in his report to the Committee on School Inquiry of the Board of Estimate and Apportionment of the City of New York, states that "It is safe to say that the morale of a community depends upon the kind of work it does. A rural community of about twelve thousand people, having clean political conditions, a high moral

tone, few jarring families, well-kept gardens, and a good average of intelligence, is a desirable place, from the manufacturer's viewpoint, in which to locate a factory. If a manufacturer locates in such a place and employs three thousand of the men, women and children in purely *automatic, noisy, high-speed work,* the town will change very materially in one generation."

Conclusions

After careful deliberation and study of the results of its investigation and the testimony taken, the Commission has come to the conclusion that the State is justified in protecting the underpaid women workers and minors in the interest of the State and society. It finds that there are thousands of women and minors employed in the industries throughout the State of New York who are receiving too low a wage adequately to maintain them in health and decent comfort. The Commission believes this injuriously affects the lives and health of these underpaid workers, and that it is opposed to the best interests and welfare of the people of the State.

In order to remedy this evil, the Commission recommends:

First. The enactment of a law creating a Wage Commission, which, after investigation, shall establish Wage Boards, composed of representatives of employers, employees and the public, in any industry in which it has reason to believe women and minors are receiving less than a living wage.

Second. The adoption of an amendment to the Constitution empowering the Legislature to establish a Wage Commission which shall have power to fix living wages for women and minors in industry.

Third. That the Legislature submit this proposition to the Constitutional Convention for consideration.

The Commission holds that such Wage Boards will be the most effective means of standardizing these trades; that they would not put an unfair burden on the industries in the state; that it would not throw out of employment many workers, particularly if the Wage Boards worked out the problem with care; that the minimum would not become the maximum, but on the contrary that it will be of increased economic value due to better nourished workers, resulting in a more efficient output; that no appreciable increased cost of production would

follow; that there is no limitation on the right of contract; and that it is the high duty of the State to protect its women workers from such excessively low wages as the investigation has shown. Even such an authority as the counsel for the manufacturers, Mr. Rome G. Brown, who was one of the attorneys to argue the case before the Supreme Court of the United States, involving the constitutionality of the minimum wage law in Oregon, stated before the Commission that such a law as proposed by this Commission is entirely proper.

While the Commission recognizes the value that vocational and trade training would give to a group of young men and women entering industry, while it heartily endorses the work undertaken by State and city for the advancement of industry and trade training, it recognizes the fact that the development of machinery making for constantly simplifying processes in which less skill is required, gives no assurance that unaided these industries will be able to find a way out of the condition in which they are at present. "Any woman or child can handle this machine" is an advertisement frequently seen; and followed to its logical conclusion it would mean child labor displacing man and woman labor. This the State has guarded against through its child labor laws. It must guard against low wages in the same way, for it pays the penalty in the loss of a well balanced manhood and womanhood due to the disintegrating effects of these low wages. Hospitals, reformatories, asylums and prisons paid and cared for by the State are inevitable results of low wages, and long periods of idleness.

LEGISLATION IN MASSACHUSETTS[1]

Legislation of a similar character [similar to English act] the commission believes should be established in Massachusetts. The need of it is as great, and the possibilities of its successful administration in the compact population and well-established industrial and mercantile employments are promising. The fact that there is a large number of women who must

[1] From Report of Massachusetts Commission on Minimum Wage Boards. January, 1912.

maintain themselves, many of whom are called on to contribute also to the support of others, and that there is a large army of women upon whose assistance the welfare of their family groups depend in part, presents a social question of great importance.

The need of work is so great and the workers are so numerous that the employers may dictate their own terms, limited only by their sense of social responsibility and by the restricted competition of other employment opportunities. The constant and ever increasing tide of immigration is an important element in the situation. The wage value of most of the labor of women is not fixed by any other economic law than that of supply and demand. Even with women who have no other assistance, the wages may be forced below the minimum cost of living, without provision for the assurance of health, for unemployment or for old age, and this deficit must inevitably come ultimately as a charge on society. This class already includes no small portion of the working women, and with the present tendencies in industrial life women may be obliged to depend more and more upon their unaided efforts for livelihood.

In the case of much the larger number of women at work, they are members of family groups, which need from these workers the financial assistance they can give, whether large or small. In the opinion of the commission the number who are working simply to add to their comforts or luxuries is insignificant. Women in general are working because of dire necessity, and in most cases the combined income of the family is not more than adequate to meet the family's cost of living. In these cases it is not optional with the woman to decline low paid employment. Every dollar added to the family income is needed to lighten the burden which the rest are carrying. Wherever the wages of such a woman are less than the cost of living and the reasonable provision for maintaining the worker in health, the industry employing her is in receipt of the working energy of a human being at less than its cost, and to that extent is parasitic. The balance must be made up in some way. It is generally paid by the industry employing the father; it is sometimes paid in part by the future inefficiency of the worker herself and by her children, and perhaps in part ultimately by charity and the

state. The commission believes that our industries in general are not dependent upon such underpaid labor and that by gradual adjustment of wage scales the present unfortunate condition in a number of employments could be improved without injury to the employing interests. If an industry is permanently dependent for its existence on underpaid labor, its value to the commonwealth is questionable.

One serious danger from the existence of a large amount of subsidized labor, such as that of women partly supported by other industries, lies in the low standard set for wages in general, and the advantage given to conscienceless employers or their agents to make the best labor bargains possible, without consideration of the general social effect. Women by their very limitations are unable of themselves to form effective organizations, and thus gain the legitimate advantages of collective bargaining. They are less mobile than men, they are more attached to locality and they are more easily coerced. As the larger industries are conducted by corporations there is not even the check of humane sympathy that might exist in the personal relations of employer and employee but the result is affected by the demand for economy enforced on the managers. That there is here a public responsibility is undeniable, and it is a question that affects not so much the personal comfort of the individual as the general social welfare of this and following generations. The commission has, therefore, endeavored to formulate a system of legislation which would enable the commonwealth to exercise some degree of supervision over this important part of its economic status, without interfering unnecessarily with its industrial and mercantile prosperity.

There is a common and widespread erroneous view that such legislation is an attempt to provide by government that low-paid workers shall receive more than they earn; that it runs counter to an economic law which, by some mysterious but certain process, correlates earnings and wages. There is no such law; in fact in many industries the wages paid bear little or no relation to the value or even to the selling price of the workers' output. Wages among the unorganized and lower grades of labor are mainly the result of tradition and of slight competition. Labor may be worth more or less

than its wage, whether measured by the employer's total receipts from the industry or by the cost of producing and maintaining the human factors in the industry. The proposition that underlies this interference with the contractual relation of employer and employee is that, on the broad scale and in the long run, earnings as distinct from wages cannot be less than the necessary cost of maintaining the worker alive and in health. No mechanical or labor-saving device used in industry can be worth less than the cost of its manufacture and maintenance. The normal human workers cannot earn less than a like cost.

But the wages actually paid do, in fact, often fall below this standard; this may result in excessive profits to the employer or in prices too low to the consumer. In either case the workers are underpaid; the industry is, in part, parasitic. The purpose of this proposed legislation is not to compel the payment of wages in excess of actual earnings, but to check the clearly ascertained tendency of wages to become much less than actual earnings. It can have no tendency to compel any employer to pay any worker more than the fair value of that worker's labor.

The proposed legislation is therefore recommended for the following reasons:—

1. It would promote the general welfare of the State because it would tend to protect women workers, and particularly the younger women workers, from the economic distress that leads to impaired health and inefficiency.

2. It would bring employers to a realization of their public responsibilities, and would result in the best adjustment of the interests of the employment and of the women employees.

3. It would furnish to the women employees a means of obtaining the best minimum wages that are consistent with the ongoing of industry, without recourse to strikes or industrial disturbances. It would be the best means of ensuring industrial peace so far as this class of employees is concerned.

4. It would tend to prevent exploitation of helpless women, and, so far as they are concerned, to do away with sweating in our industries.

5. It would diminish the parasitic character of some industries and lessen the burden now resting on other employments.

6. It would enable the employers in any occupation to prevent the undercutting of wages by less humane and considerate competitors.

7. It would stimulate employers to develop the capacity and efficiency of the less competent workers in order that the wages might not be incommensurate with the services rendered.

8. It would accordingly tend to induce employers to keep together their trained workers and to avoid so far as possible seasonable fluctuations.

9. It would tend to heal the sense of grievance in employees, who would become in this manner better informed as to the exigencies of their trade, and it would enable them to interpret more intelligently the meaning of the pay roll.

10. It would give the public assurance that these industrial abuses have an effective and available remedy.

THE MINIMUM WAGE[1]

The question of the establishment of a legal minimum wage is before us as a people, and it is doubtless one of the many expressions of the awakened social conscience in America.

The National Women's Trade Union League at its second biennial convention in 1909 included in its legislative program the demand for a minimum wage. Representing as we do the organized women workers in America, it was natural that we should be among the first to understand the need of such legislation. Today, however, thoughtful men and women everywhere are realizing the individual and social menace of the low wage, and there is a general recognition of the fact that in a great, rich, empty country able bodied men and women should find it possible to earn their living by their day's work.

In order that we may arrive at some intelligent conclusion upon the subject, I take it that we wish to consider first some general facts regarding the question of wages. It is still held by many that the wage paid is in proportion to the ability, the intelligence, the character, the skill of the worker. Such should

[1] By Margaret Dreier Robins. From presidential address to the Fourth Biennial Convention National Women's Trade Union League, St. Louis, June 2, 1913.

be the case and such would be the case under normal conditions. But we are not living under normal conditions. First, we have destroyed freedom of opportunity through monopoly rights and special privileges, recognizing forms of property and authority through which some of us derive advantage over our fellows. Second, we are living in one of the great transitional periods of industrial development—a period which has seen the immense development of the mechanical genius of our people, the introduction and development of machinery to such an extent that we sometimes feel as if the machine had become quite human. But we have made an idol of our own invention. We have permitted the machine to become the juggernaut of our time and in its triumphant procession to crush the lives of tens of thousands of our fellows. As of old, we worship the work of our own hands and that which our fingers have made.

No one will deny that, however difficult the problem, we find ourselves under conditions demanding immediate action. The right to live and the right to earn a living are indistinguishable terms. The question of the low wage must be met. Let us consider for a few moments some of the reasons given for the low wage paid to the women workers of America. We are told that the wages of women need not be adequate for self-support because the girls live at home. When this fact is given by an employer as a reason for a low wage does he not accept as silent partners in his enterprise the fathers or brothers or husbands who support these girls And would it not be well for the working men to ask themselves if they could not find a more profitable investment for their earnings than to furnish the means of support to their daughters when their work entitles them to a self-supporting wage? Another reason given for the low wage is that women, or young girls, have no one dependent upon them for support. If, through the most stupid and unintelligent maladjustment of our industrial life, fathers of families are thrown out of work because too old at the age of forty and their young daughters of sixteen become the supporters of the family, we are face to face with a fact of life before which theory must give way. We are also told by the government investigations of the National Report on the Condition of Women and Children in the United States that 81 per cent of all factory girls living at home put their entire earnings into the family treasury.

But one of the most reiterated reasons given for the low

wage paid to women and young girls is the assertion made that the women and young girls represent unintelligent, unskilled, inefficient labor; that they need to be trained; that if they were skilled workers their wage would entitle them to a living. If there is one statement above another which shows lack of knowledge of the conditions in industry today, it is the assertion that skill is the only determining factor in the wage question.

Believing as we do in all that makes training and education universal, we may yet ask ourselves what of the hand-workers of costly lace, representing some of the most skilled as well as the cheapest labor for generations? What of the skilled workers in the sewing trades? What of the skilled needle women who embroider beautiful shirtwaists or dresses, and after working for two weeks at such an embroidered dress will receive a wage of $4.50 for the two weeks' work? What of the Irish crochet yokes for which the girl receives 9c. a yoke, paying 2½c. for the cotton with which to sew the yoke? What of the fine Irish crochet edging for which the girl gets 2c. a yard, being able to make three to five yards an hour? What of the girls who, with their deft fingers willowing plumes, received 15c. an inch three years ago and 3c. an inch today? What of the fact that the telegraph operator will get a third less if a woman than a man, though she receives the same number of messages and handles the same amount of work, with the same capacity as the man sitting by her side? What of the fact that the bookkeeper as efficient, as accurate, as capable as the man will receive one-third the wages because she is a woman? What of the fact that the basis of a teacher's pay is not the quality of the teaching, but the question, man or woman? What about the bindery girl who loses her position as a hand-worker and is reduced in her wage from $14 to $5 a week because of the introduction of machinery? What of the fact that in trade after trade we are eliminating skill by the introduction of machinery?

When division and subdivision of industry and the invention and continuous invention of machinery eliminates skill in trade after trade what are we going to substitute for the theory that skill is the determining factor in wages? Not only have we division and subdivision in such trades as the needle trade, glove making, boot and shoe making, book binding, but carpenters, wood workers, cabinet makers and coopers are slowly

losing their trade. Everywhere invention and the introduction of machinery is taking the place of skilled craftsmen. At any cement show or machinery exhibit we will find great placards stating, "This Machine Does the Work of 10 Men"; "This Machine Can Be Run by a Woman"; "Any Child Can Run This Machine." As one of our leading Chicago labor men has said, "The only thing the machine needs is that amount of bone and sinew and brain to fill in what they could not put in with metal and other things, and so the operator is put in as the last attachment." What then is the importance of that "last attachment" to the production of the whole? Is not this the question? Have we not real wisdom in Pat's answer to a gentleman who was walking along the roadside watching him trying to break a large rock which finally gave way, "Well, Pat, which blow did it?" "Faith," answered Pat, "they all did it."

But these facts represent only one group of difficulties. The chaotic condition of many of our industries gives no basis for a wage but the will of the individual employer, and the girl's poverty and inexperience forces her consent. This was well brought out by the Minimum Wage Commission of Massachusetts, when it was found that in the candy industry, for example, one of the employers was paying 56 per cent a week less in wages than another employer in the same town. The elimination of this unfair competition will be one of the immediate results of the minimum wage and will help to standardize industry.

The industry which cannot pay a fair wage is parasitic and receives a subsidy from the community through its public or private charities, through its clinics and hospitals, through its reformatories and its prisons, through its alms houses and homes for the aged. We are living in the midst of a "wealth-producing, poverty-breeding" industrial chaos. The demand for the minimum wage on the part of the general public is simply the statement that it is tired of subsidizing industries. Through such subsidies it has enabled many an employer with no business qualification whatever, nor knowledge, nor judgment, to open an industry, put the wage as low as conditions permit, quite certain that the community will bear the burden. It would seem that a training school for employers is as essential to the welfare of the community as a trade school for workers. Just as the most important knowledge to the worker

is the value of his or her labor power, so the most important knowledge to the employer is that a living wage is the first charge upon any industry. If we have classes for training in the salesmanship of lace and jam and linens and silk, how a thousand times more important is it to have training in the salesmanship of labor values.

The main thought underlying the demand for the minimum wage is the realization that the danger and the menace of the low wage is a community danger. As has been well said by Mr. Owen R. Lovejoy, chairman of the Committee on Standards of Living and Labor, in his report to the Conference of Charities and Corrections held in Cleveland in 1912:

> If it is contended that minimum wage boards would unveil the private concerns of any industry, the reply is that there are no private concerns of industry. The industry that seeks to shield from properly constituted authorities information as to its wage questions and other data related to the earnings of employees is in the category with the man who maintains his right to guard his private cesspool from the public health authorities who have discovered in that cesspool the genesis of the city's epidemic.

Perhaps the statement thus far will enable us to see the reasons underlying this demand for the establishment of the legal minimum wage. It is well to remember that this is not an experiment, but that it has been tried for the past sixteen years in Australia, where during that time over one hundred trades have been placed under the legal minimum wage boards. This law has been demanded by skilled and unskilled trades, by men as well as women, by highly-paid and sweated workers, by strongly organized as well as unorganized trades. When the minimum wage was first established in England in 1908 the first industry that came under the Minimum Wage Commission was that of chain making. Chain making was done largely by women at Cradley Heath, outside of London. It is not confined to the making of small chains, but includes the making of the large anchor chains that anchor our ships and vessels. After a full discussion of all the facts, the minimum wage board decided that the wage given to the women should be doubled, and that award finally prevailed. Can we imagine a greater illustration of the exploitation of women? And who were these women so exploited? They were the mothers of those men whom the English army could not accept into its service during the Boer War because they did not come up to the physical standard demanded. Three times the English army has had to

lower its requirements of physical strength, for the men could not measure up to the standard demanded. But these women chain workers were not only mothers of sons, they were also mothers of daughters. The mothers of girls, potential mothers of another generation, each one representing a lowered vitality and constant tend toward degeneracy. England, through her army, was only measuring the physical degradation of her people, and great and grave as that may be, it is little when compared to the mental and spiritual degradation that such poverty breeds and that such exploitation always entails. Are we in America going to wait, or are we going to take thought now before a great crisis comes? One reason that we in America are so unconscious of the physical, mental and spiritual loss to our people by the exploitation of our women workers is because of the steady yearly influx of strong peasant women. Let the doors of America be closed to the strong young womanhood of other nations for ten years—aye, or for five—and the knowledge would come home to us that the American-born woman of the working group is not physically able to do the work demanded.

The investigations into the question of the low wage paid to the women in America have brought out the close relationship between the low wage and the social evil. The girl who is hungry and tired and lonely is likely to take "a long chance," and when invitations come from foreladies as well as foremen in the department stores or factories, or are brought by leading customers of her employer, her instinctive friendliness naturally responds. That there is commercialized vice, organized for the purpose of betraying the youngest of our sisters, we now all know, and that it sends its representatives into the day's work of factory and store and business we also know. The only protection for the girl under those circumstances is to be found in her trade union organization. It adds the strength of the group to her own individual strength and guards and protects and teaches self-government and self-respect. To strengthen the hands of the girls so that they are empowered to protect themselves within the four walls of their work is the imperative duty of every man or woman who wishes to combat the social wrong.

But if there is the darkness of tragedy here, there is also the light of heroism. It is essential that it be definitely understood

that there are girls by the tens of thousands who have maintained the integrity of their womanhood in the face of great personal suffering and self-sacrifice, as well as in the face of grave temptation. I know girls who have lived twelve in a room, on twelve mattresses, because their earnings did not permit them better sleeping accommodations, and who have lived for three years at a stretch on rye bread and olive oil, unless invited out for a meal. I know girls who have simply paid for the space of half a bed during the night when the same bed was not only shared by them during the night with another girl, but had been used by two other girls during the day time, these other girls being night workers. I know girls who take it as an every-day matter-of-fact experience of working girl life that they should daily go without their luncheons. I know girls who have entered a saloon because they could there get a bowl of soup as well as a glass of beer for five cents, receiving in that bowl of soup better nourishment then any other expenditure of five cents could bring them. I know other girls who, with equal "matter-of-factness," never think of spending money for carfare or lunches or laundry or outings, and never dream of earning enough to make life even half-way decent and comfortable or giving a chance for any realization of aspiration or ideals or education—or sweetness of fresh air in the mountains or by the sea—and yet these girls by the tens of thousands, in the face of such constant denial of all that makes life worth while, have held their womanhood intact and protected its integrity. To the courage, the grit, the fineness of character all can testify who know intimately the daily life of the working girls. But well may we question the civilization, the democracy, the Christianity of a community tolerating such conditions. We are demanding in the every-day life of our working girls the stuff out of which heroes and martyrs are made. Some of us would like to see the conditions of industry so arranged that every-day folk like you and me might have a chance of earning our daily bread on the square. The question of the wage is not whether a girl can or cannot hold her own in the face of suffering and poverty and temptation; but whether any able-bodied, intelligent young woman is to put all the years of her girlhood and womanhood, all the possibilities of the joy of her motherhood, in jeopardy because she is giving her all in service without receiving sufficient remuneration to make possible de-

cent nutrition, decent clothing, decent living conditions for herself—conditions making for the education and development of all the fine powers hidden and held within her.

The most costly production of any nation and its most valuable asset is not its annual output of corn, neither the wheat harvest nor the yield of coal or cotton, but its output of men and women. Upon the quality of each generation depends the strength and greatness of the nation. This we recognize by providing that the state shall care for the health of the people and contribute to their education. Is it not, therefore, time for us to insist that the state cannot afford to put in so great an investment, only to reap the continuous loss of the defeated young lives that go under the industrial world?

The demand for a minimum wage must include some definition of that minimum, otherwise none of us know exactly of what we are talking. A living wage must certainly mean sufficient reward for labor to provide health-giving food, good clothing, shelter with sunlight and air and warmth and comfort, education and recreation—books and music—sufficient reward to tide over periods of sickness or other unemployment and to make provision for a happy and serene old age. It must give opportunity and time not only for the development of the powers within us but also for expression of human fellowship. It is well for us to remember that the loving cup is as old as any hunger, and that to enter into the labor and festival of life is part of the eternal quest of the human heart.

We all know that to bring about conditions making possible such a living wage more than the creating of minimum wage boards will be necessary. However, the placing of the sweated industries and such others as the community may see fit to decide upon under the jurisdiction of minimum wage boards is but a further attempt to standardize industry. This is no new undertaking. In most of our states we have factory laws prescribing what Mr. Sidney Webb so aptly terms "the minimum conditions of the wage contract;" a Legal Minimum of Education for the Child; a Legal Minimum of Sanitation and Safety; and by prescribing a maximum work day, a Legal Minimum of Leisure and Rest. All these minima represent the community's demand for a standard of industry, and with our growing knowledge of the overshadowing menace of the low wage we naturally include a wage minimum.

To bring the best results, to bring technical knowledge, accurate data and experienced judgment to bear on this grave question, minimum wage commissions should consist of men and women representing the public, representatives of the employers in each industry, and representatives of the workers in each industry elected by the workers. That a minimum wage can be established in the sweated industries has been proven beyond all peradventure of doubt by the victorious strikes in the garment industries which we have now witnessed in the leading industrial cities in America for the past four years. Such victories express, indeed, the best hope of our day. The question is, Can we afford to wait for such social uprisings in the other sweated industries? Is it not true that the minimum wage boards will not only help to establish minimum wages but bring to the least of the little girls in such industries the opportunity of organization and self-government?

MINIMUM-WAGE LAWS[1]

The experience of the textile workers at Lawrence in the present year shows convincingly the need of minimum-wage boards for both men and women in relation to the nation-wide effort for a shorter working-day, a shorter working-week, Sunday rest, and a definite period of rest at night. The nation cannot afford to have the income of men, women, and children shortened *pari passu* with their working-hours, when that income is already at the lowest level of maintenance. Such cutting of wages would make wage-earning people view with alarm every effort to free them by statute from the overstrain of excessive working-hours. By such wage reduction legislation in the general direction of rational working-hours would become an instrument for intensifying poverty rather than a means for promoting the public health.

The urgent need of wage boards is indicated by the experience of the Consumers' League of New York City, which strove for many years, by the methods of investigation and persuasion, to induce the leading retail merchants of New York

[1] From article by Florence Kelley, secretary National Consumers' League. Journal of Political Economy. 20: 999-1010. December, 1912.

City to pay their women clerks 18 years old and older, who had been one year in the continuous service of the employer, not less than six dollars a week. If this minimum had been adopted and paid in good faith by all the merchants, there would still have been a large body of cash children, bundle-wrappers, bookkeepers, and sales-clerks (employed less than a year) at work at a wage below six dollars. The minimum of $6 a week was, however, never paid by all the merchants to all the employees for whom it was asked.

At present no consumer, however enlightened and conscientious, can know the varying wages paid. At the end, therefore, of twenty years of honest, faithful effort by the Consumers' League of New York City to apply the method of investigation, persuasion, and voluntary effort to the establishment of a living wage, that method has been finally abandoned and the policy adopted of working for legislation to create wage boards.

Critics of wage boards object that, if these institutions become general, prices must rise with wages and a vicious circle ensue—the workers ultimately losing through higher prices all that they gain in increased wages. But the facts of industry afford no basis for this fear. In wide areas of industry prices irrespective of costs are notoriously determined by the trusts. Where no trust yet controls prices, where competition has free play, the objection that standardizing the lowest wages would inevitably raise prices does not hold. In the making of costly laces, for instance, an occupation in which for generations wages have been notoriously low, the whole wage increase would be paid by the consumers of luxuries. In greater or less degree, this holds of vast ranges of industry.

The investigation of the special commission showed that in 1911, in Boston, excessively low wages were paid by one manufacturer of high-priced candy, while a maker of cheaper grades was paying higher wages. "Comparisons, moreover, between individual factories whose wholesaling prices are nearly the same show a very marked contrast in wage scales. The wage scale, apparently, does not differ with the grade of goods made, but with the policy of the manufacturer in hiring labor." In general there appeared to be no relation between wages and prices.

If, in any case, additional charges arise, consumers in prosperous circumstances can obviously meet them. Working peo-

ple, on the other hand, would divide among vast numbers of consumers, and thus reduce to a minimum for each one the prophesied hardship—the increase in prices of the universal necessaries of life. That hardship is now concentrated in the dire experience of a more limited number of workers in the form of actual, conspicuous underpay.

WHY NEW YORK STATE SHOULD ESTABLISH A MINIMUM WAGE FOR WOMEN AND MINORS[1]

Foreword

One of the very serious problems now confronting organized labor is the question of the legal minimum wage. There is some difference of opinion on the question among trade unionists, many being strongly in favor of it while others doubt its wisdom or necessity.

After an extended discussion of the subject the Brooklyn Central Labor Union indorsed the principle by adopting by a large majority the subjoined resolution. Later a minimum wage committee was appointed to visit affiliated unions for the purpose of discussing the principles involved, and was also authorized to prepare this leaflet for distribution among trade unionists.

This little pamphlet makes no attempt to treat the question either learnedly or exhaustively; its purpose, rather, is to present it as clearly and concisely as possible, while emphasizing the moral principles that underlie the wage question as a whole. We want this to be read by the average trade unionist who may have little time or inclination for deep study. For that reason the question and answer method of presentation has been adopted.

Resolution on the Legal Minimum Wage Adopted by the Brooklyn Central Labor Union, January 3, 1915

Resolved, That the Brooklyn Central Labor Union, representing 80,000 organized workers in the boroughs of Brooklyn and Queens, indorses the principle of the legal minimum wage for the following reasons:

FIRST: Because we desire to see the present un-Christian and

[1] Published by the Brooklyn Central Labor Union.

most inhuman conditions so prevalent in all underpaid industries brought to an end as speedily as possible.

SECOND: Because we believe that the quickest way to reach that end is by the state assuming its full duty to protect all of its citizens in their just natural rights, among which rights should rank as one of the first the worker's right to such recompense for his labor as will enable him to obtain all the necessities and comforts of life in keeping with the dignity of a human being.

While thus indorsing state action in this instance we emphatically reaffirm and hold fast to our belief that the organizing, bettering and maintaining of labor unions will do more than all other means together to bring permanent benefit to the workers as a class. But, while asserting this belief, we also realize that at present it is practically impossible to carry the benefits of organization to a great mass of the poorest paid workers, particularly among women and minors; and, therefore, we now deem it expedient to thus call upon the state to perform its moral duty toward these most defenseless of its children.

We also hope that a large part of the good that should come to these poor workers from a legal minimum wage will be such improvement in their condition as will make it possible for them to see and secure the benefits that come from trade union organization.

In conclusion we desire to state that we shall watch with a careful eye all legislation of this character, and shall take advantage of our constitutional right to state the form we think it should take and the manner in which we believe it should be administered.

I. *What does a legal minimum wage mean?*

It means that the state shall set a minimum standard below which wages in low paid industries shall not be allowed to fall. It does *not* mean that this minimum standard shall ever become, in any industry, a legal maximum wage.

The law, if enacted, would only apply to low paid industries where the majority of the workers are women and minors whose wages now are less than the actual cost of living.

II. *What proportion is there of such low paid workers?*

About one-half of the women workers in New York State get less than a living wage today, some employers paying less than $6 a week, while recent investigations into the cost of living show that the minimum wage for self-supporting women

should be at least $600 a year—equivalent to about $12 a week. This committee believes that the weekly minimum for women over 18 years of age should be $12, and that the minimum for minors should be $7 per week.

The New York Factory Investigating Commission in the report presented to the Legislature for 1914 gives the following figures: *Page 40—Confectionery Industry*:

One-half of the women receive less than $6 per week.

Two-thirds of the girls under 18 get less than $5.50 per week.

Page 41—Paper Box Industry:

Twelve dollars is the most common rate for all males and $6 for all females. Almost two thousand women over 18 get less than $6 a week. More than seven hundred girls under 18 get less than $5 per week.

It should be borne in mind that this report covers only a few industries in Greater New York. A more extended investigation would likely disclose even worse conditions.

III. *But why not organize these workers and raise their wages to a higher standard by trade union methods?*

Because it is impossible now for such workers to keep alive a permanent organization. Their small earnings make it impossible for them to meet even the most necessary expenses of organization, and because of their enfeebled physical condition, due to long hours and starvation wages, they have no time or energy to give to the work of organizing.

If we can improve their condition by the minimum wage, it will then be possible to organize them. It is not possibble now.

IV. *But has the state the right to pass a minimum wage law?*

Emphatically, yes! The state has both the right and the duty to compel all employers to pay a living wage.

To force a man to work for less than a living wage is as truly an act of injustice as to pick his pocket. In a wide sense it is also an attack upon his life. The state, therefore, in passing a law prohibiting the payment of starvation wages is simply enacting a measure for the protection of life and property. It is in direct line with our child labor laws, our factory sanitation laws, the eight-hour law, the workmen's compensation act and other recent measures of like character, the passage of which gives promise of our gradual return to the just concept of the state and its duty.

V. *But suppose that the employer is paying all that the worker is worth—what then?* That depends upon what is meant by *worth.* We have no desire to be unfair to the employers, but under a just industrial system the poorest of adult unskilled workers will be *worth* a living wage.

According to accepted Christian teaching the *least capable* workman is entitled to a living wage, for *when he does his best* he does all that is done by his stronger or more capable coworker, and his effort entitles him to a reward that will safeguard the sacredness of his personality and insure to him a decent livelihood.

This implies that it is the worker's duty to do his best by all fair employers, and it also means that the more capable worker is entitled to something more than a mere living wage.

VI. *But will not such a law interfere with the right of "free contract"?*

Yes! But because of the conditions that make a minimum wage law necessary it will be a just interference. Just, because no so called *"free* contract" which involves the acceptance of starvation wages or other degrading condition of labor can ever be considered a *fair* contract; and where such contracts have been entered into because of the dire necessities of the workers it becomes the duty of the state to interfere in an effort to bring about equity between the parties to such contracts.

The following words apply here and are as true now as they were when written twenty-four years ago: *"As a rule, workman and employer should make free agreements, and in particular should freely agree as to wages; nevertheless, there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support the wage earner in reasonable and frugal comfort. If through necessity or fear of a worse evil the workman accepts harder conditions because an employer or contractor will give him no better, he is the victim of force and injustice.*[1]

Today millions of workers the world over are the victims of such force and such injustice, because *"business ethics"* instead of *Christian ethics* govern all the industrial relations of men. The greatest good to come from the present minimum wage agitation will not be the improvement in the condition of

[1] From the encyclical letter of Pope Leo XIII on "The Condition of Labor," published May 15, 1891.

the workers benefited by such a law, no matter how great that improvement may become; but will be the fact that the public mind may be induced, because of an awakened conscience, to make concrete comparisons between the spirit that has controlled industry for nearly two hundred years and the spirit which should have controlled it.

VII. *But if the employer cannot afford to pay a living wage—suppose that to do so would bankrupt the industry, what would you say?*

If he really cannot pay a living wage, then for the time being he is freed from the obligation, since no one is morally bound to do the impossible. But in figuring on his ability to do so he must take into account the moral truth that the necessary needs of his workmen are superior to his own superfluous needs, for worker and employer are equal in personal dignity, and their essential needs are of equal worth and moral importance.

The *employer,* though, has an obvious right to include the conventional necessities corresponding with the standard of his class in the return he receives for the labor he puts into his industry. But beyond such return he has no right to any interest on the capital invested until the industry pays to *all* of its workers a full living wage. Nor can he morally take from the industry any money to hire private police, to corrupt weak legislators, or to make vulgar display of pretentious philanthropy in titanic foundations or self-advertising libraries, any more than if he used such money for monkey-dinners, excessive pleasures or other viciously immoral purposes.

As for bankrupting the industry—if the industry cannot pay to its workers a full living wage it should not be allowed to exist out of the lifeblood and energy of those workers, and should be either subsidized by the state or destroyed.

VIII. *But the employer will employ only those who can earn the minimum. How would you provide for those who will be discharged because they are inefficient?*

As has been done in the states where the law is in force, by granting them a license from the state to work for a little less than the minimum until such time as they become efficient.

In the case of those workers whose mental or physical defects are such as to prevent them from ever being able to earn the minimum the difference between what they do earn and the minimum should be met by the community to which they belong.

Despite their defects they are, because of their humanity, entitled to a decent livelihood; but the full charge of their upkeep cannot in justice be laid upon the employer—it morally rests upon the community at large.

Justice also demands that these defectives should not be permitted to ruinously compete with the normally efficient workers in any industry.

Before any person is granted a license to work for less than the minimum each should be carefully examined by a local wage board having a proper representation of the wage-workers in the industry under question, some of whom should be conversant with the facts in each particular case. In any event the number of such licenses should be limited to a small percentage of the workers in the industry, and withdrawn in the case of those who later become able to earn the minimum.

IX. *But will not the increase of wages by this law so increase the cost of living as to leave the wage-worker soon after in as bad a condition as before?*

No! Not where the advance comes by gradual and continuous steps, as it would have to come under a just and wise minimum wage law.

If the wages of all underpaid wage-workers in New York State were to be raised at one jump to a full living wage it would probably result in a serious upsetting of economic conditions; but as there is no possible chance of that occurring it is useless to discuss it.

But even if there should result some rise in prices because of a just advance in wages that would be a very small evil as compared with the present greater evil coming from the employment of so many thousands at starvation wages.

There are two economic reasons why any excessive rise in prices need not be feared. The first is that the increase of wages coming to the present underpaid worker would increase his, or her, efficiency as a worker because the increase would mean better food, better clothing, better shelter and some recreation, all of which make for efficiency, and efficiency means a greater product for the employer.

The second economic reason is that any increased cost due to advance in wages in any particular industry is distributed among all the consumers of that product, who are so numerous, as compared with the workers in any industry, as not to feel the slight

increase in cost. But admitting that in some industries there would be some rise in prices of the goods produced, it is a moral truth that the purchasers of such goods should be willing to give such a price for them as will enable the payment of a living wage to the producers.

Trade unionists should also remember that this argument of higher prices has been used against us in every fight that we have fought and won. It was used in the fight for the eight hour day, against child labor laws, and in every battle for an increase in the wage scale.

X. *But organized labor fought those battles without state aid, and sometimes where the forces of the state were unjustly arrayed against us. We fought as a volunteer force willing to make great sacrifices to win our just rights. Will not these workers when aided by the state lose all this spirit of resistance and the ability to help themselves?*

The unfortunate fact is that these underpaid workers, as a mass, have no fighting spirit to lose, nor have they any ability to help themselves. Our hope is that a new spirit may be born among them as a result of the improved condition to come from the proper enforcement of a wise minimum wage law.

Of course, it would be better if organization could secure good wages and decent working conditions for these women workers as it has done and is continually doing for men workers. But let us be frank enough to admit that we cannot now organize the great mass of underpaid women workers. Such an admission was made by the Executive Council of the American Federation of Labor in its official report to the convention held in 1913 in the following words:

> The principle that organization is the most potent means for a shorter workday, and for a higher standard of wages, applies to women workers equally as to men. But the fact must be recognized that the organization of women workers constitutes a separate and more difficult problem. Women do not organize as readily or as stably as men. They are, therefore, more easily exploited. They certainly are in a greater measure than men entitled to the concern of society. A fair standard of wages, a living wage for all employed in an industry, should be the first consideration in production. None are more entitled to that standard than are the women and minors. An industry which denies to all its workers, and particularly to its women and minors, who are toilers, a living wage is unfit and should not be permitted to exist.
>
> We recognize, of course, that in our time legislation of this character

is experimental and that sufficient experience with it has not been had to enable us to secure comprehensive and accurate information as to its tendency and its effect upon wages and industrial conditions; therefore, we recommend that for the information of the labor movement the Executive Council be instructed to watch developments where such legislation is in force and to record carefully the activities, the decisions and the trend of minimum wage boards.

We recommend that in all minimum wage laws the organized workers should see to it that provision is made for representation on minimum wage boards of the organized wage-earners, and that the laws are so changed or drawn and administered as to afford the largest measure of protection to women and minor workers—those they are designed to protect.

Obviously it was in accordance with the spirit and letter of the above quotation that our veteran leader, President Samuel Gompers, was acting when he signed the report recommending the passage of a minimum wage law for women and minors; which report has just been presented to the sitting legislature by the New York Factory Investigating Commission.

A Word in Conclusion

Fellow Trade Unionists:

This little pamphlet was prepared for you. It was written, primarily, in the hope of arousing your interest in the welfare of many thousands of your fellow creatures whose sad condition should appeal to every manly and to every womanly heart. For their sakes we ask you to study their condition and the reasons underlying it. If you come to believe with this committee that the present inhuman conditions now prevalent in all underpaid industries should be ended as speedily as possible, then in the name of our common fatherhood and of our common brotherhood and sisterhood, turn to and do your share to help secure that end. You know best what you can do yourself, and you know what your union can or will do; and you likewise know what you can do to influence the individual members of your union and your friends outside the union.

Whatever you can do, do with your heart and do quickly!

If the organized workers in New York State do their duty in this emergency they will then be in a position to carry out the recommendation of the Executive Committee of the American Federation of Labor, quoted here in reply to question ten; namely, that provision shall be made in the law for proper representation of organized wage earners, and that the law be drawn

and administered so as to afford the largest measure of protection to women and minor workers—those whom the law is intended to protect.

Do your duty now and have no cause for regret in the future! No matter how we may differ in condition or ability, in creed or color, in race or sex, we all have a common duty toward the unfortunate and helpless, so let us all unite in doing our best to fulfill that duty.

Fraternally yours,
JOHN J. FOOTE
F. S. TOMLIN
MAURICE DE YOUNG
WILLIAM ASCH
MRS. MOLLIE SCHEPS RUMPLER
Brooklyn Central Labor Union Minimum Wage Committee

MINIMUM-WAGE LEGISLATION[1]

Obviously a legislative innovation of this sort ought not to be seriously urged unless the need therefor is grave. Is this condition verified in the matter of a legal minimum wage? Undoubtedly it is. Whether we consider the industrial situation from the side of the individual or from that of society, we cannot escape the conclusion that the State ought not to permit any considerable section of its citizens to live below the level of efficient, normal, and reasonable life. Yet we are today confronted with just such a condition.

Every one of the investigations into the cost of living that has been conducted in recent years justifies the assertion that the lowest amount on which a man and wife and three children can maintain physical, mental, and moral health, in any city of the United States, is somewhere betwen $750 and $900 per year, and that a decent living for a woman wage earner is somewhere between eight and ten dollars per week. Yet the most comprehensive, and at the same time specific, study of wage rates ever made in this country showed that in 1904 about 58 per cent of the adult males in the manufacturing industries were getting less

[1] From an article by John A. Ryan, author of "The Living Wage." Catholic World. 96: 577-86. February, 1913.

than $600 annually, while about one-half of the female workers failed to receive more than $6 a week.

According to Professor Nearing of the University of Pennsylvania, who has published the latest and most complete estimates of wages on the basis of all the available statistics, three-fourths of the male adult workers get less than $750 yearly, and three-fifths of the adult females are paid a weekly wage of less than eight dollars. This estimate makes no allowance for idle time during the year, which Professor Nearing places at 20 per cent.[1] The Twelfth Biennial Report of the Minnesota Labor Bureau shows that about three-quarters of the male wage earners in the principal occupations of the State received under $750 per year, and that 25 per cent of the female workers got less than $6 per week, and 71 per cent less than $9 per week.

If the remuneration of these underpaid multitudes could be raised by other means to normal and decent levels within one or two generations, the case for legislative intervention would not be overwhelmingly strong. But all competent authorities know that this is not merely improbable but, humanly speaking, impossible. In the general rise in wages which has taken place during the last fifteen years the pay of the unskilled, who comprise the greater part of the underpaid workers, has not kept pace with that of the men and women who possess skill.

In fact, the real wages of this submerged class have not risen at all. Neither through organization, for the great majority cannot become effectively organized; nor through the automatic action of economic forces, for, as Walker long ago pointed out, these tend to degrade further, rather than to uplift, the oppressed sections of the working people; nor through the benevolence of employers, for they either cannot or will not achieve the desired end, can the remuneration of the underpaid be made adequate to decent and reasonable living. There remains, then, the single and sufficient method of legislation.

The establishment of a minimum wage is quite as much a proper function of the State as the safeguarding of life, limb, or property. All these are goods which are of immediate necessity for the individual, and which indirectly promote the social welfare. To protect the health, morals, and mind of the citizen against the injury resulting from an insufficient livelihood is quite as important, both individually and socially, as to protect

[1] Wages in the United States.

his life against the assassin, his body against the bully, or his money against the thief.

When the State neglects any of these functions it fails in its primary duty of protecting natural rights and promoting the common good. The notion, so common throughout America, that, whatever else the State may do for the regulation of industry, it may not touch the wage contract, has neither political, moral, nor logical foundation. It is the last surviving remnant of the shallow and discredited doctrine of *laissez-faire*. If the believers in this notion were logical, they would condemn State regulation of child labor; of the hours of labor of women and young persons; of safety and sanitation in factories, and of workmen's compensation for industrial injuries. All these legislative provisions are justified because they are designed for the protection of classes that cannot protect themselves against economic exploitation. Precisely the same may be said of a minimum wage law.

The establishment of living wages by law has no other economic consequences than those which attend upon their establishment by a labor union, or by voluntary agreement among employers. In all three cases a minimum is fixed below which no employer is permitted to pay wages. If the enforcement of that minimum by a labor union, or by a trade agreement conference, would not inflict excessive hardship upon the less efficient workers, nor unduly raise prices to the consumer, there is no reason why these evils would follow when the minimum is maintained by law. The essential fact is the setting up of the minimum; the means through which it is set up is of no importance whatever economically. In view of this obtrusively obvious fact, it is somewhat difficult to retain one's respect for the intelligence of those well-meaning persons who would like to see all underpaid workers so effectively organized as to command living wages, and yet, on economic grounds, shrink from attaining the same end by legislation.

That there are certain economic difficulties confronting the establishment of decent minimum wages, whether by law or otherwise, no intelligent advocate of the proposal will deny. Nevertheless the obstacles are neither so serious nor so probable as they are thought to be by opponents. If the enforced payment of universal living wages would drive any employer or any industry out of existence the contingency should be welcomed, for it is more desirable on every account that the masses of underpaid

workers should have the means of living like human beings than that certain soulless trades should survive, or certain inefficient employers continue to function as captains of industry.

There is, however, one objection to a universal minimum wage which has in it some elements of validity. At least, it will stand the test of examination. It consists in the possibility that the increased wages would be followed by increased prices, and therefore, by diminished production and diminished employment. Nevertheless this contention has been unsuccessfully urged against every legislative enactment which apparently tends to increase the cost of production, such as eight-hour laws, child labor laws, industrial safety laws, accident compensation laws, and every other legal regulation which restricts in any way freedom of contract or freedom of industrial management. Since the objection has not been permitted to prevail against these worthy and necessary measures, it should not stand in the way of minimum wage legislation. To be sure, if the wages of all the underpaid workers in America were raised to decent and living levels by one sudden stroke of legal enactment, the evil results that we are now discussing would probably be verified.

Such able and uncompromising advocates of the minimum wage as Sidney and Beatrice Webb make this admission. Consequently the advance in wages effected by the law should be gradual and continuous, not quick and final. In this way the rise in prices would be confined to the products of a very few industries; for the greater part of the increased wages would probably come out of the increased efficiency of the workers and the diminished profits of monopolistic establishments and sweating establishments. All authorities admit that better food, clothing, and housing for submerged workers would enable them to turn out a larger product.

Even a considerable rise in prices would be a smaller evil than the existence of large masses of underpaid human beings. If people want goods they should pay a sufficient price for them to provide living wages for the producers. If the higher prices caused a lessened demand and a smaller volume of employment in some industries, the displaced workers could probably all find occupation in those trades in which an increased product would be needed to meet the increased purchasing power of those wage earners who had formerly been underpaid.

To put this phase of the matter in a single sentence: a rise

in wages which, on the one hand, compelled the comfortable classes to expend a larger proportion of their incomes for the products of labor, and which, on the other hand, increased the efficiency of the producers, could not possibly be detrimental to the laboring population as a whole. Indeed, if the argument against a minimum wage, based on the assumption of a consequent rise in prices, is valid, it condemns every attempt to raise the remuneration of any group of workers by any method whatever. It is not merely a counsel of despair, but a resurrection of the crude and discarded wage fund theory.

CAMPAIGN AGAINST SWEATING[1]

"More than half the people employed in the factories and stores investigated in New York City get less than $8.00 *a week."—Dr. Howard Woolston, Director of Investigation for the New York State Factory Commission.*

It is all very well to say of a woman that "she is working for her living," but suppose she is working and not making her living. What are you to say then? You can remark that you are indeed very sorry, and leave the matter there. Or you can say with more piety than wisdom that wages are determined by natural laws which man must let alone. Or you can insist that she is being sweated; that a business which does not pay a living wage is not paying its labor costs; that such businesses are humanly insolvent, for in paying less than a living wage they are guilty of as bad business practice and far worse moral practice than if they were paying dividends out of assets.

Every one knows what to think of a get-rich-quick concern which asks people to subscribe to its capital stock, and then uses the money invested to pay profits. We call it a fraud. When a railroad goes on paying dividends without charging up deterioration, people speak of it not as a fraud but as bad business. But when a mercantile establishment pays its labor less than labor can live on, it is combining the evils of the mismanaged railroad and the get-rich-quick concern. It is showing a profit

[1] By Walter Lippmann. New Republic. 2: sup1-8. March 27, 1915.

it has not honorably earned, it is paying a dividend out of its vital assets; and is, out of the lives, the health, and the happiness of its employees. A business that exists on labor paid less than a living wage is not a business at all, for it is not paying its fixed charges. They are being paid either by the family of the woman worker or by her friends, or by private charities, or by the girl herself in slow starvation.

There are few to deny the truth of these general ideas. Even the people who are fighting minimum wage legislation have not attempted to deny that a self-respecting business should pay the full cost of its labor. Nor has any serious attempt been made to impugn the damning wage statistics revealed in one state after another and clinched by the Factory Investigation Commission in New York. We know now that thousands of women are below the line which the most moderate estimate can call a living wage. Knowing this fact, we know that something must be disastrously wrong; knowing it, we must act to remedy it if we can, and no intelligent person will say that we are meddling in what does not concern us. The spectacle of paper-box, shirt and candy manufacturers and department-store keepers living on the profits of a business that does not pay its employees a living wage is so absurd that we begin to wonder what are the serious arguments against minimum wage legislation.

Fortunately Mr. Rome G. Brown knows all the arguments, serious and otherwise. Mr. Brown, let it be said, is an attorney who has fought living wage legislation in various states, and is the author of the brief filed before the Supreme Court in the Oregon case. He is a kind of specialist in the business of finding fault with the minimum wage, and so no injustice can be done him or his cause by taking up the points he raises.

What Mr. Brown Believes

Mr. Brown's latest utterance is dated February 19, 1915,[1] and it seems that Mr. Brown is no longer opposed to the minimum wage. He is opposed to the compulsory minimum wage, but he is for the ethical minimum wage. "Compulsion," says Mr. Brown, "stifles the humanitarian motive." Above all things, Mr. Brown does not wish to stifle that. He does not say that $6

[1] Annual dinner of National Retail Dry Goods Association.

a week is a good wage. What he says is that any attempt to force the employer to raise it would destroy the finer bloom of morality.

> His action ceases to be virtuous or moral when once you have enacted into a statute the precept of the Golden Rule, and when its observance is enforced under the threat of fine and imprisonment. Actions otherwise virtuous—of benevolence, of charity, of neighborly love—are deprived of all elements of morality when performed under compulsion.

And so, rather than take away from the act of raising wages all elements of morality, Mr. Brown would leave wages where they are. It is obviously high-minded of him, and exceedingly far-sighted. For here we see a leading attorney fighting step by step to preserve the quintessence of morality for employers toward that hypothetical time when they decide of their own free will to raise wages. At this historic moment, however, we are simply in the happy position of knowing that when employers abolish the starvation wage they will do so with unblemished ethical motives. There is indescribable comfort in the thought.

Yet we dare not ignore Mr. Brown. He is the heavy artillery on the other side. So, leaving aside his contributions to morals as not altogether inspiring, we must proceed to consider him as an economist.

"Wage-Worth"

"You cannot legislate efficiency," says Mr. Brown. "When you compel an employer to pay a wage which is fixed regardless of the workers' efficiency, you are legislating a forced gratuity to the worker, no matter that the wage be measured by the cost of living or by the other standard which disregards its fair worth." There you have in compact form the objection to a legal minimum wage which is most persistent in people's minds. They say to themselves, "How can you force an employer to pay a girl *more than she is worth*?" Isn't that against all business, common sense and the laws of economics? What right has the state to legislate charity into the pay envelope? Isn't it absolutely wrong to force any woman to *receive more wages than she earns?*

The answer is that it might be wrong if there were any way of telling how much she is worth, or what she earns. We know what women workers *receive,* but no one has the least idea whether their income has anything to do with their pro-

ductivity or their efficiency. If there is one thing the Factory Investigating Commission made clear, it is that wages for unskilled women's work in the sweated trades are not based upon any recognizable standard of efficiency or value.

Dr. Howard Woolston, who directed the work of the New York State Factory Investigating Commission, has pointed this out:[1]

> Even for identical work in the same locality striking differences in pay are found. In one wholesale candy factory in Manhattan no male laborer and no female hand-dipper is paid as much as $8 a week, nor does any female packer receive as much as $5.50. In another establishment of the same class in the same borough every male laborer gets $8 or over, and more than half the female dippers and packers exceed the rates given in the former plant. Again, one large department store in Manhattan pays 86 per cent of its saleswomen $10 or over; another pays 86 per cent of them less. When a representative paper-box manufacturer learned that cutters in neighboring factories receive as little as $10 a week, he expressed surprise, because he always pays $15 or more. This indicates that there is no well-established standard of wages in certain trades. The amounts are fixed by individual bargain, and labor is "worth" as much as the employer agrees to pay.

These figures show pretty clearly that two employees in the same district making the same kind of goods have no way of standardizing wages on any basis of value. That is why Mr. Brown, talking about wages depending upon "wage-worth," is using a catchy phrase and a neat theory which in practice mean literally nothing at all. The kind of women's work to which the minimum wage would apply has no standard by which wages are fixed. Women get what they get, by the custom of the shop, by the whim of the superintendent, by arbitrary decision. No law of supply and demand, no sense of "wage-worth," determines that a "stripper" in order to earn fifteen cents an hour must paste paper on the side of about one hundred and fifty boxes, and a "hand-dipper" must coat about seven hundred and twenty pieces of cream candy with chocolate, while a hand-ironer in the laundry will earn twenty-five cents by pressing four plain shirts.

Economic Bogeys.

With these facts before us, suppose that we raised the wages of hand-dippers in candy manufacturing from fifteen to seventeen cents an hour, and thereby saved the girls from the most

[1] The Survey, February 6, 1915.

extreme hardships of poverty. By what standard would the Mr. Browns be able to say that we were paying this girl more than she is worth, that the extra cents were a "forced gratuity," or that we were interfering with the laws of supply and demand?

For what in the name of sanity are these economic laws as they appear in practical life? Mr. Brown and others talk about the value of cooperation, and how fine it is for the employers to raise wages voluntarily. Yes, but why is it fine? Isn't it disastrous to tamper with the economic law, or are we to understand that the economic law has no terrors when violated by the good will of the employer? Or perhaps may we assume that economic law, as Mr. Brown uses the phrase, is nothing but the will of the employer?

I am forced to believe it. I am forced to conclude from much study of Mr. Brown that whatever happens to exist is "natural" and "according to law," that any change inaugurated by the workers or by public opinion is "artificial," but that any change created by employers is merely economic law working itself out to beneficent ends.

The phrase "economic law" on the lips of men like Mr. Brown is nothing more than sheer buncombe which conceals a prejudice. It belongs to the same grade of intelligence which says, "You cannot make water run up hill," in the face of the fact that you can make it run up to the top of the highest skyscraper; which says, "You mustn't interfere with nature," and then proceeds to join oceans at Panama, deflect rivers, create lakes, move mountains, clear jungles, abolish typhoid, fly in the air, swim under the water, tunnel the earth.

The Incompetent Employer

In the meantime Mr. Brown is wasting fine words. What he calls natural law is really an amazing and damnable inefficiency on the part of employers. In these trades where women are employed and sweated we are dealing not with inexorable laws but with thoughtless, stupid, careless, uneducated employers. Strangely enough, they are only too ready to describe the inefficiency of the girls they employ. Of course the girls are inefficient. What else can one expect from the present housing, schooling, and working conditions open to them? But for every score against the incompetence of the workers there is at least one score against the incompetence of the management, and it

is time the general public realized that these manufacturers and retailers who will be affected by the minimum wage are proved by the facts to be profoundly incompetent business men. When they cry out against "interferences," those who know the facts laugh. Those employers who wish to be regarded as self-respecting captains of industry literally do not know how to run their own business, and far from the state's interfering with them by investigation, interference is more likely to prove their salvation.

The New York Commissioners unearthed the most ludicrous inefficiency.[1] They found employers who kept their payrolls in pocket-memorandum books; employers who had no knowledge of rates paid by competitors for similar labor; employers whose rates varied as much as fifty per cent in the same neighborhood; whose labor cost varied as much as from seventeen per cent to thirty-nine per cent in the same line of work. They found seasonal fluctuations which were violent. They found that in eleven large retail stores in New York City 44,000 new names were added during the year and 42,000 names were dropped. This was to maintain an average working force of 27,000. In box and candy factories nineteen plants employed 3,400 persons to maintain a force of 1,700. The time lost between jobs is large. Of 1,500 women interviewed, 1,000 had lost an average of one month in the preceding year. Obviously the labor market in sweated industries is not a model of intelligence and foresight.

If this welter of inefficiency is the product of "natural law," every civilized person will cry out for the interference of human law.

Terrible Conclusions

But two terrible results are prophesied: 1, the minimum wage will drive men out of business; 2, it will raise prices. Mr. Brown uses both threats, though it is a little difficult to see how a business which had been extinguished could raise its prices. The idea is, I believe, that some firms will go to the wall, and that the remaining ones will recoup by raising prices. These fears are, as we shall see later, based on the theoretical guesses, rather than actual probabilities. For the moment I wish to consider a third possibility based on the experience of the brush

[1] These figures are furnished by Dr. Woolston.

industry in Massachusetts. Brush making, it should be said, is the first industry in the country in which the minimum wage has been fixed by a wage board. Let me tell the incident in Mr. Rome G. Brown's own words:

> One brush concern, since the minimum wage for brush makers took effect, has discharged over one hundred of its unskilled employees and has reorganized its methods of work so that its less skilled labor is done by those who also perform more skilled work; and at a total wage which is $40,000 a year less than that paid formerly.

In other words, the effect of the minimum wage has been to raise wages, eliminate a hundred of the most unskilled, and increase efficiency so much that the cost of labor is $40,000 less than it was. One would think Mr. Brown might be led to confess that this particular firm of brush makers had been a pretty inefficient organization. Not Mr. Brown. He is not in the business of admitting inefficiency among employers. This firm of brush makers, he tells us, was not uneconomical; it was unselfish. And when the state brought its brutal hand down upon these sensitive brush makers the finer moral qualities disappeared:

> In self-defense against the arbitrary interference of the state with its business, it is now forced to figure its wage scales on a selfish basis.

The result is that it pays a higher wage and saves $40,000 a year. But what some people may wish to know is whether this particular firm in the old days, when it was on its unselfish and inefficient basis, was applying those natural laws of economics about which Mr. Brown so graciously instructed the Supreme Court.

Facts Against Forebodings

Let us assume that the Minimum Wage act is passed in New York. The Commission is created, and it proceeds to establish wages boards in four industries—paper boxes, candy, millinery, and retail dry goods. These boards, after investigating the cost of living and the existing wage scales, order a general raise of wages from a median of six dollars to eight dollars. Let us assume that these industries are not able to improve their efficiency, are not able to do what the firm of Massachusetts brush makers did. Let us assume that higher wages will mean no increased productivity among the women workers. Under these circumstances, what would the minimum wage cost the

manufacturer in cutting down his profits, or the consumer in raising prices?

Suppose that the whole cost is borne by the consumer. Then if work-shirts cost three dollars a dozen, and the labor of sewing them is paid sixty cents, when we raise wages ten per cent the labor cost becomes sixty-six cents. The price instead of being three dollars becomes three dollars and six cents. In other words, while the worker receives a ten per cent increase, the consumer pays only a two per cent increase.

It is estimated that to raise the wages of 2,000 young women in New York candy factories from five dollars and seventy-five cents to eight dollars, confectioners in order to cover the cost would have to charge eighteen cents more per hundred pounds of candy. The profits in department stores average over five per cent on a year's business. But as the stock is turned five or six times annually, the yield on the investment is twenty-five per cent to thirty per cent. By raising the wages of girls under eighteen to six dollars, and of women over eighteen to nine dollars, the cost might be increased one and one-quarter per cent. If this were taken from profits instead of being added to the price, it would reduce the return to about nineteen per cent. The reason why these figures are so low is that the whole cost of labor in these sweated industries is a small fraction of the manufacturing cost. In the case of paper boxes, labor is a charge of from seventeen per cent to thirty per cent of the market price; in candy manufacture, the average labor cost is about thirteen per cent of the manufacturing expenses. By raising that charge we raise the total cost very little.

Hurting Business

In the face of all this, what becomes of the cry that we are proposing to ruin business? It takes its place, doesn't it, beside all the other exclamations which have accompanied factory laws since the beginning of the nineteenth century? It is the cry which has accompanied every effort to clean up working conditions, protect mines, guard the life of child and women workers. Employers are always threatening a migration to less civilized countries. Yet somehow they stay where they are. A few go. In Victoria, one manufacturer in a panic moved out before the law went into effect. He moved over to Tasmania. Then Tasmania adopted the same law. In Victoria

when the law was first passed in 1896 there were 3,370 factories employing 40,814 people; after fifteen years' experience of the law there were 5,638 factories employing 88,694 people.

But suppose a few employers do move out of the state—say from New York to New Jersey. How long will New Jersey tolerate their production of pauperism, disease and degradation, and its costs in charities, hospitals and sanatoria? Just about as long as it takes New Jersey to realize the ridiculous social cost of sweating.

Yet we are told that some employers will go to the wall. Able neither to raise prices nor increase efficiency, they will fail. To them the community must reply with simple kindliness that they belong with the landlords who own firetraps and conduct nests of disease and crime. They would better go out of business and make way for better men.

Pitying the Worker

It is often claimed that the minimum wage will become the maximum. President Wilson during his campaign gave an impetus to this argument by saying:

> If a minimum wage were established by law, the great majority of employers would take occasion to bring their wage scale as near as might be down to the level of the minimum; and it would be very awkward for the workingmen to resist that process successfully, because it would be dangerous to strike against the authority of the federal government.

Of course there is at the moment no question of a federal law. We are discussing state laws, and as regards New York a law which is to have no legal compulsion behind it. We are proposing to have a state commission of three persons select a small number of sweated industries where women and children are employed, and establish for those industries wages boards consisting of six representative of the employer, six of the workmen, and two or three of the outside public. This conference of the trade is to study conditions and recommend a minimum wage, which is then to be published as an official recommendation. No one is legally bound by it. But even supposing he were, as in Oregon, California and elsewhere, how can the legal fixing of the least that may be paid affect the discussion of how much more shall be paid? If we make a rule that no one shall receive less than eight dollars a week, how does that prevent an employer from offering, or the workers

from asking, nine or ten dollars? It is like assuming that because the tenement house law prescribes one hundred cubic feet of air per person, no one must live in more than one hundred feet.

But, say our critics, the tendency will be to level down to the minimum. Yes, but whom will it level down? Half the unskilled women workers will be levelled up. What ground is there for supposing the others will be levelled down? Are they, in the language of Mr. Brown, being paid more than they are "worth"? Or are they being paid what they are "worth"? Or aren't they being paid what the employer feels called upon to pay them? How will their status be changed by increasing the pay of the sweated workers?

Moreover, it is difficult to contemplate the folly of an employer who paid all his help, skilled, unskilled, experienced, and novice, anything like a single minimum standard. With no incentive left for improvement, no reward for skill, the efficiency of his plant would be a spectacle, and he would find very soon that he had been cutting off his nose to spite his face.

There is, however, no need to guess about these dark predictions. The minimum wage in one form or another has been applied for many years in various parts of the world. In Victoria it has been enforced by law since 1896, it has been applied in New Zealand, in England and elsewhere. In the United States the trade unions have in various trades applied it. For clearly there is no economic difference between a minimum established by force of law, by force of public opinion, or by force of a strike. The economic effect is the same, and all the terrible results prophesied ought to have shown themselves. It is, I believe, an almost unanimous conclusion of students that the minimum rates have not tended to become the maximum.

The Fringe

There is one prediction persistently made by Mr. Brown and others which experience shows to be true. A certain number of the ultimately inefficient workers are displaced when the living wage standard is applied to an industry. The brush factory in Massachusetts which reorganized, saved $40,000 on its wage bill, and discharged a hundred of its least skilled employees, is a case in point. There are undoubtedly people working to-day whom no business man would keep if they could not

be sweated. Child labor is the most striking example, coolie labor is another; some immigrant labor, both men's and women's, falls within the category. There are also groups of workers who are physically or mentally defective, and there are those who have not yet learned the trade and so require an apprenticeship of some kind.

We are asked What is to become of these people? The question generally assumes that we have forgotten all about them, or that in our ruthless benevolence we plan to throw them out into the street. Yet, as a matter of fact, it is just these marginal workers who constitute the most convincing argument for establishing living wage standards. But they cannot be dealt with wholesale.

Apprentices

In low-skilled occupations such as the sweated trades no long period of apprenticeship is required. But there is a time when the young girl is so inexperienced that she wastes material and produces very little result. All sensible minimum wage laws provide for about six months' probation at something under the standard wage. There has been a tendency among employers to abuse this privilege. They have found it cheaper to take on "apprentices" for six months, discharge them, and recruit a new force of "inexperienced workers." They have generally worked this evasion of the spirit of the plan when the difference between the regular wage and the probationary wage was greater than the difference between the value of an inexperienced and an experienced employee.

Obviously these difficulties can be met by resourceful administration. An alert Commission can adjust its findings so as to eliminate gross circumvention, and still make perfectly feasible a term of apprenticeship. The deeper remedy for the situation lies in the school system which turns into industry workers with so little general training and vocational adaptability.

Exceptional Cases

The plan we propose carries with it a provision for licenses to be granted by the Commission in special cases where the evidence is clear that a person should be permitted to work for less than the minimum wage. This elasticity is needed for good administration, because in any human problem there are

particular people who fit badly into a general rule. There are, for example, a number of workers who are crippled in one way or another, and yet manage to live self-respecting lives by earning small sums. No one proposes to crush them under an iron rule, and so a human discretion is allowed to the Commission.

Defectives and Incompetents

There are nevertheless classes of workers whose productivity is very, very low. They may be old, or weak-minded, or physically feeble, or so utterly untrained and illiterate that under American conditions they cannot be employed at a living wage. We say of them that they should not be employed. They should not be permitted to debauch the labor market, to wreck by their competition the standards of other workers.

Immigration

Not enough has been made of the fact that the fixing of an American minimum is one of our best protections against indiscriminate and overstimulated immigration. Once abolish sweating and take industry off a basis of cheap labor, and you have reduced one of the great incentives to the most threatening forms of immigration. If the European is compelled to work at not less than an American standard he will be less useful to the employers of cheap labor, and less effort will be made to bring him over.

Child Labor

The same reasoning applies to the employment of children. They are hired to-day because they are cheap. Make them expensive, and fewer of them will be hired; there will thus be less opposition to child labor laws. Indeed, by the transition from a sweated to a living standard there are few problems of industry which are not affected. Whenever business men abandon the old notion of all the traffic will bear and all the human body can stand, and turn to an intelligent counting of vital costs, a better morale appears in the industrial world.

The Organization of Chaos

We are dealing in these sweated trades with industries where cooperation, pride of work, technical and social standards are

most primitive. Competition has corrupted them to the point of despair, and only by the establishment of some device like the wages board can we hope to create a civilized discipline. The employers must organize to send their representatives; the workers must combine to send theirs. At these board meetings the conditions of the trade as a whole have to be analyzed, statistics have to be compiled, investigations made. Well-managed plants are compared with befuddled ones; the whole philosophy of management is opened to discussion. The educational effect of this will undoubtedly prove to be very great.

For what the minimum wage plan proposes is really a kind of legislature of the industry—a legislature in which workers, employers and public are represented. This is the Wages Board. Its findings are subject to veto or review by the Commission, or by the courts. But when the disagreement is not too radical, the Wages Board becomes in practice the actual parliament of the industry. Under the Oregon plan its decrees are enforced by the state, under the Massachusetts plan by public opinion.

Its powers, like that of any legislature, are limited. It establishes only the minimum wage. But this must carry with it agreement about hours, piece work, labor conditions, manufacturing methods, use of machinery, and, in the end, profits and prices too. In short, the Wages Board is a device for stimulating in sweated and primitive trades those beginnings of economic democracy which the unions are beginning to construct in the more mature industries. Ultimately this is perhaps the greatest promise of the experiment. The management of these chaotic trades will be scrutinized by the persons most closely concerned—the people who live and work in them. Employers will begin to know what they are at, how their methods compare with those of their rivals. They will learn the difficult and necessary art of thinking about the trade as a whole in its relation to labor and the public. The workers will for the first time get genuine representation, and they should learn by direct example the value of the solidarity of labor. They will receive constant practice in formulating their needs, exerting pressure, making intelligent their demands. And this, it should be remembered, is in industries where women predominate, women who will soon be voters. No more necessary or more valuable school of democracy can be created than these trade legislatures,

in which people have a chance to learn how to govern the conditions of their work.

Humble Pie

Yet it would be absurd to assume that minimum wage legislation is a kind of omnibus for paradise. To fix a "living standard" would be a great advance over what we have, but by every civilized criterion it is a grudging and miserable thing. In those moments of lucidity when we forget our hesitancy before brute obstruction it seems like a kind of madness that we should have to argue and scrape in order that we may secure to millions of women enough income to "live." If we had not witnessed whole nations glowering at each other all winter from holes in the mud it would be hard to believe that America with all its riches could still be primitive enough to grunt and protest at a living wage—a living wage, mind you; not a wage so its women can live well, not enough to make life a rich and welcome experience, but just enough to secure existence amid drudgery in gray boarding-houses and cheap restaurants.

We may fail to secure that. So far as the press is concerned, the issue hardly exists. It lies at the moment stifled in platitudes and half-truths about "not hurting business." From the little comment there is, we might think that a business was sound if it rested on the degradation of its labor; might think that business men were a lot of jumpy neurotics ready to shrivel up and burst into tears at a proposal to increase their wages bill a penny or two on the dollar; might think, from the exclamations of Mr. Brown and his friend John Smith, that a campaign against sweating would do no less than ruin the country.

But you cannot ruin a country by conserving its life. You can ruin a country only by stupidity, waste and greed.

REPLY TO THE CRITICS OF MINIMUM WAGE LEGISLATION[1]

Most of the countries of Europe and twenty-three states of our own country have declared through workmen's compensation acts that the preservation and upkeep of an industry

[1] By Bertha Bradley Warbasse. Survey. 32: 57-8. April 11, 1914.

should include its human machines. Identical in principle and springing from the same basic idea is the proposition that the minimum of wage payments should not fall below a level at which life and efficiency can be maintained. An industry incapable of supporting its workers at such a level for a long time has been recognized as parasitic, subsidized by that part of the community least able to bear the tax.

It would seem that any one who recognizes workmen's compensation acts as just and economically sound should logically accept the correlative need of an established minimum wage. Nevertheless the justice and feasibility of a minimum wage law are alike being questioned. Some of the objections raised are that the personnel in industry would be unfavorably affected by such legislation; that the worker now receives all he earns; that stimulus and ambition are effective agents for securing wage increases; and that immigration will be stimulated. These contentions may well be examined.

It has been stated that a minimum wage law will throw out of work the weaklings and incompetents, none of whom can produce wealth enough to justify the payment of a living wage, and that the competent alone will be retained in employment. But obviously the places made vacant must and will be filled by workers competent to earn the minimum wage who were out of employment. That is, one class will be thrown out of work and two will benefit—the competent unemployed and the competent who are employed but not receiving a living wage.

Now, in detail, who will be thrown out of work?

(1) Incompetents, *i. e.*, mental defectives. Binet children, in whom years can never develop ability sufficient to produce, under competition, enough wealth to be entirely self-supporting. Occupation of some kind, under some conditions, is important for them and should be provided; but it is already recognized that the ordinary factory or shop is not the best solution of their problem.

(2) The old, crippled, and partially disabled, a group whose numbers in standardized industry are hardly sufficient to warrant consideration above the good of an overwhelming majority, and for whom workmen's compensation acts and social insurance should provide.

(3) Children. Be they never so capable for their years, the total product of their efforts would be no equivalent for a legal minimum wage.

Second, whom will the law benefit?

When mental defectives, the crippled, the aged, and children, are turned out of standardized industry who will fill their places?

What permanent class of the unemployed have we in America? Not women, not children. It is pitifully easy for them to get work. But it is often tragically hard for the father of the family to find it. The unemployed in America are unemployed *men.* Why is this so? Is it not because a man demands a living wage? Because he personally tries to exact a minimum wage from an employer who finds it cheaper to get several girls at a less total cost and a larger total output? Why did not the Illinois glass furnaces employ men to carry the output from furnace to furnace? Because, before the passage of legislation forbidding it, they could and did get little boys to do the work at $1.50 a week. The average life of these ten and eleven year old children was short after taking employment. But arithmetic easily shows it was cheaper for the employer to hire children whose families fed, kept and buried them than to have given a living wage to men. A minimum wage would throw out of employment the children who work all night in the glass factories of Pennsylvania, who work in mines, cotton mills, and factories all over our country. Is feeding our children into the mills of industry the best thing we can do for them? Any law, minimum age or minimum wage that will help correct this economic abuse seems worth urging even if it carried no other benefit.

Who should do the work of the world? Incompetents, mental defectives, children, cripples, old people? While strong men cannot get work? Any readjustment of labor groups must work hardship to some individuals and to some classes. To such temporary distress we should apply whatever temporary relief is needed. But if this fundamental wrong is to be in some measure righted, this maladjustment corrected, is not the ultimate outcome worth whatever suffering it entails?

To those who have believed that labor receives now all that it earns, Henry Ford's recent doubling of his minimum wage must come as a shock. Mr. Ford himself is quoted as saying that the wage increase from $2.34 a day to $5 (minimum) "is made because the division of profits between capital and labor has not been just."

Will the facts of today bear out the contention of some that each individual can secure for himself a living wage if only he can be "stimulated" to increased endeavor and greater ambition? What has led to the practice of collective bargaining but the bitter experience in the fallacy of this very theory? The "speed-

er" doubles her output, and for a time doubles her pay. Then the *rate* of pay per piece is reduced, and she is no better off than originally. All in the shop who cannot equal her speed are poorer. But to go deeper still—in most industries the greatest possible "stimulus" to endeavor is already applied, the stimulus to secure by the worker's utmost exertion a wage which will purchase the barest necessities of life.

In the silk mills of Paterson the workers have been required to tend two, then three, then four looms. So that they might double and quadruple their wage? Not at all; merely that they might receive the same wage, which the increased cost of living makes actually a lesser wage. In the sweatshops of New York the worker has been speeded up until the limit of endurance for a continued period or a prolonged life has been overstepped.

In the clothing trades it is a frequent thing, when a girl is asked if her father works, for her to reply, "No, he is old; he cannot work any more."

"How old is he?"

"Fifty. He's all worn out. He worked so hard when he was young. He can't keep it up any more."

In individual instances, and for a time no doubt, increased effort means an increased wage, a living wage. But for industry on the whole, and in the long run for the rank and file, does not Morris Hillquit come nearer the truth about wages: "The working population *as a whole* gets just a little less than is absolutely necessary to maintain it in physical fitness for its task, and to enable it to reproduce the species worker"?

One of the interesting speculations in regard to minimum wage is its probable effect on immigration. It has been asserted that it will attract to America great numbers of the unskilled workers from the poorer classes of Europe. But the lure of fabulous wages is already operative in southern Europe, enhanced to its utmost capability by agents of interested companies. It seems as if the establishment of a mere minimum might be a negligible stimulus to over-immigration as compared with the tremendous and artificial stimulus which steamship companies, mine operators, and employers of cheap labor now exercise. If we want restricted immigration the power to restrict is ours at any time. To resort to the indirect method of starving our workers so that America shall look undesirable to the poorer classes of Europe, seems an ill-considered method of restriction.

But so far from stimulating increased immigration, the minimum wage seems capable of itself acting as a restriction. For, if a fair wage is compulsory, employers will have no motive to induce cheap immigration, and a powerful artificial stimulus, now acting, will be removed.

But, all these minor considerations aside, one has to come back to the main question of justice and expediency—what a civilized nation should do and what it cannot afford to do.

Either it is desirable that all who work be given enough of the wealth they produce to live on, or it is not. If it is, there are three ways in which it may be accomplished: The universal strike of the employed, universal agreement among employers, a universal regulation by government. Of the three methods which seems at once most probable of accomplishment and capable of inflicting the least harm in process of adjustment?

ECONOMIC THEORY OF A LEGAL MINIMUM WAGE[1]

The fixing of a minimum wage by law—making it a penal offense to hire labor at a lower rate than that fixed by the law—is now an accomplished fact, of which the world has had half a generation of experience. In this matter of the legal minimum wage the sixteen years' actual trial by Victoria is full of instruction. Victoria, which is a highly developed industrial state, of great and growing prosperity, had long had factory laws, much after the English fashion. In 1896, largely out of humanitarian feeling for five specially "sweated" trades, provision was made for the enforcement in those trades of a legal minimum wage. Naturally this was opposed by all the arguments with which we are familiar—that it was "against the laws of political economy," that it would cause the most hardly pressed businesses to shut down, that it would restrict employment, that it would drive away capital, that it would be cruel to the aged worker and the poor widow, that it could not be carried out in practice, and so on and so forth. Naturally, too, all sorts of criticisms have since been leveled at the administra-

[1] By Sidney Webb, English economist and author of "Industrial Democracy." Journal of Political Economy. 20: 973-98. December, 1912.

tion and working of the law; and over and over again eager opponents, both in England and on the spot, have hastened to report that it had broken down. But what had been the result? In the five sweated trades to which the law was first applied sixteen years ago wages have gone up from 12 to 35 per cent the hours of labor have invariably been reduced, and the actual number of persons employed, far from falling, has in all cases, relatively to the total population, greatly increased. Thus the legal minimum wage does not necessarily spell ruin, either for the employers or for the operatives. But, of course, it is open to any theorist to urge that we do not know how much better off these trades might have been without the act. The only test here is what the people say who are directly concerned, who see with their own eyes the law actually at work, and who are forced daily to compare the trades to which it applies with those to which it does not apply. First, let us notice that the Act of 1896 (like the British Trade Boards Act of 1909) was only a temporary one. It has during the past sixteen years been incessantly discussed; it has been over and over again made the subject of special inquiry; it has been repeatedly considered by the legislature; and, as a result, it has been five successive times renewed by consent of both houses. Can it be that all this is a mistake? Still more convincing, however, are the continuous demands from the other trades, as they witnessed the actual results of the legal minimum wage where it was in force, to be brought under the same law.

Now, in this remarkable popular demonstration of the success of the Act, tested by the not inconsiderable period of sixteen years, extending over years of relative trade depression as well as over years of boom, some features deserve mention. First, the extensions have frequently—indeed, it may be said usually—taken place at the request, or with the willing acquiescence, of the employers in a trade, as well as of the wage earners. What the employers appreciate is, as they have themselves told me, the very fact that the minimum wage is fixed by law, and therefore really forced on all employers; the security that the Act accordingly gives them against being undercut by the dishonest or disloyal competitors, who simply will not (in Victoria as in the Port of London) adhere to the Common Rules agreed upon by Collective Bargaining. We must notice, too, that the application of the law has been demanded by

skilled trades as well as by unskilled, by men as well as by women, by highly paid craftsmen and by sweated workers, by the strongly organized trades as well as by those having no unions at all. One is tempted, indeed, to believe that little remains now outside its scope except the agricultural occupations and domestic service! Nor can it be said to be confined to industries enjoying a protective tariff, for there are no import duties to shield the gold miners, or the quarrymen, or the slaughterers for export; and no fiscal protection helps the carters or the butchers, the drapers' assistants or the engine drivers, the newspaper printers or the potters, the grocers or the hairdressers, the hotel employees or the lift attendants. And it is difficult to believe that the enforcement of a legal minimum wage in all these hundred different industries, employing 110,000 persons (being, with their families, more than a quarter of the entire population of the state), has interfered with the profitableness of industry, when the number of factories has increased, in the sixteen years, by no less than 60 per cent and the numbers of workers in them have more than doubled. Certainly, no statesman, no economist, no political party nor any responsible newspaper of Victoria, however much a critic of details, ever dreams now of undoing the minimum wage law itself.

The principal question for the economist to consider is how the adoption and enforcement of a definite minimum of wages in particular trades is likely to affect, both immediately and in the long run, the productivity of those trades and of the nation's industry as a whole.

Now upon this point the verdict of economic theory, whatever it may be worth, is, I submit, emphatic and clear. To the modern economist there seems nothing in the device of a legal minimum of wages, especially where (as would in the great majority of trades be the case) it takes the form of a Standard Piecework List, that is in any way calculated to diminish productivity. On the contrary, all experience, as well as all theory, seems to show that, as compared with no regulation of wages, or with leaving the employer free to deal individually with each operative, it must tend actually to increase the productivity of the industry. The universal enforcement of a legal minimum wage in no way abolishes competition for employment. It does not even limit the intensity of such competition, or the freedom of the employer to take advantage of it. All that it does is to

transfer the pressure from one element in the bargain to the other: from the wage to the work, from price to quality. In fact, this exclusion from influence on the contract of all degradation of price, whether it takes the form of lower rates of wages, longer hours of labor, or worse conditions of sanitation and safety, necessarily heightens the relative influence on the contract of all the elements that are left. If the conditions of employment are unregulated, it will frequently "pay" an employer (though it does not pay the community for him to do so) not to select the best workman, but to give the preference to an incompetent or infirm man, a "boozer" or a person of bad character, provided that he can hire him at a sufficiently low wage, make him work excessive and irregular hours, or subject him to insanitary or dangerous conditions. In short, the employer may (in the absence of definitely fixed minimum conditions) make more profit, though less product, out of inefficient workmen than out of good workmen. With a legal minimum wage, and with similarly fixed hours and sanitary conditions, this frequent lowering of productivity is prevented. If the employer cannot go below a common minimum rate, and is unable to grade the other conditions of employment down to the level of the lowest and most necessitous wage earner in his establishment, he is economically impelled to do his utmost to raise the level of efficiency of his workers, so as to get the best possible return for the fixed conditions.

From the point of view of the economist concerned to secure the highest efficiency of the national industry it must be counted to the credit of the legal minimum wage that it compels the employer, in his choice of men to fill vacancies, seeing that he cannot get a "cheap hand" for the price that he has to pay, to be always striving to exact greater strength and skill, a higher standard of sobriety and regular attendance, and a superior capacity for responsibility and initiative.

But the enforcement of a legal minimum wage does more than act as a perpetual stimulus to the selection of the fittest men for employment. The fact that the employer's mind—no longer able to seek profit by "nibbling" at wages—is constantly intent on getting the best possible workmen silently and imperceptibly reacts on the wage earners. The young workman, knowing that he cannot secure a preference for employment by offering to put up with worse conditions than the standard, seeks to commend

himself by a good character, technical skill, and general intelligence. Under a legal minimum wage there is secured what under a perfectly free competition is not secured, not only a constant selection of the most efficient but also a positive stimulus to the whole class to become more and more efficient. It is unnecessary here to dwell on the enormous moral advantage of such a permanently acting, all-pervasive influence on character. But this, too, has an economic value in increasing productivity.

So far we have considered merely the effect upon productivity of enforcing a minimum wage, quite irrespective of this involving a positive increase of wages. But to enforce a minimum is actually to raise the wages of, at any rate, some of the worst paid operatives. We have, therefore, to consider also the effect on the living human being of the more adequate wages than the enforcement of a legal minimum would involve in the lowest grades. The unskilled, and especially the casually hired laborer, who is inadequately fed, whose clothing is scanty and inappropriate to the season, who lives with his wife and children in a single room in a slum tenement, and whose spirit is broken by the ever-recurring irregularity of employment, cannot by any incentive be stimulated to much greater intensity of effort, for the simple reason that his method of life makes him incapable of either the physical or mental energy that would be involved. Even the average mechanic or factory operative who earns in the United Kingdom from five to ten dollars a week seldom obtains enough nourishing food, an adequate amount of sleep, or sufficiently comfortable surroundings to allow him to put forth the full physical and mental energy of which his frame is capable. The cool observer of the conditions of life of that half of the American people who have to live on family earnings that do not exceed five hundred dollars in a year cannot refrain from placing them in the same case. No "intellectual" who has lived for any length of time in households of typical factory operatives or artisans in England or in the United States can have failed to become painfully aware of their far lower standard of nutrition, clothing, and rest than his own, and also of their lower standard of vitality and physical and mental exertion. It has accordingly been pointed out by many economists, from J. R. M'Culloch to Alfred Marshall, that, at any rate, so far as the weakest and most necessitous workers are concerned, improved conditions of employment bring with them a positive increase of production.

But we have got into the habit of thinking that the productivity of industry depends more upon the efficiency of the brains and machinery employed than upon the equality of the manual laborers. Let us, therefore, consider the probable effects of a legal minimum wage upon the brain-workers, including under this term all who are concerned in the direction of industry. Here the actual experience of the factory acts and of strong trade unionism is very instructive. When all the employers in a trade find themselves precluded, by the existence of a common rule, from worsening the conditions of employment—when, for instance, they are legally prohibited from crowding more operatives into their mills or keeping them at work for longer hours, or when they find it impossible, owing to a strictly enforced piece-work list, to nibble at wages—they are driven in their competitive struggle with each other to seek advantage in other ways. We arrive, therefore, at the unexpected result that the enforcement of definite minimum conditions of employment, as compared with a state of absolute freedom to the employer to do as he likes, positively stimulates the invention and adoption of new processes of manufacture.

But this is not all. Besides its direct effects in stimulating all the employers, the mere existence of a legal minimum wage has another and an even more important result on the efficiency of industry, in that it tends steadily to drive business into those establishments which are most favorably situated, best equipped, and managed with the greatest ability, and to eliminate the incompetent or old-fashioned employer.

Thus the probable effect of a legal minimum wage on the organization of industry, like its effect on the manual laborer and the brain-working manager or entrepreneur, is all in the direction of increasing efficiency. Its effect on the personal character of the operative is in the right direction. It in no way abolishes competition or lessens its intensity. What it does is perpetually to stimulate the selection, for the nation's business, of the most efficient workmen, the best equipped employers, and the most advantageous forms of industry. It in no way deteriorates any of the factors of production; on the contrary, its influence acts as a constant incentive to the further improvement of the manual laborers, the machinery, and the organizing ability used in industry. In short, whether with regard to labor or capital, invention or organizing ability, the mere existence

of a legal minimum wage in any industry promotes alike the selection of the most efficient factors of production, their progressive functional adaptation to a higher level, and their combination in the most advanced type of industrial organization. And these results are permanent and cumulative. However slight may be the effect upon the character or physical efficiency of the wage earner or the employer; however gradual may be the improvement in processes or in the organization of the industry, these results endure and go on intensifying themselves, so that the smallest step forward becomes, in time, an advance of the utmost importance. I do not see how any instructed economist can doubt, in the face of economic theory on the one hand and of the ascertained experience of Victoria and Great Britain on the other, that the enactment and enforcement of a legal minimum wage, like that of an ordinary factory law, positively increases the productivity of industry.

What would be the result of a legal minimum wage on the employer's persistent desire to use boy labor, girl labor, married women's labor, and labor of old men, of the feeble-minded, of the decrepit and broken-down invalids and all the other alternatives to the engagement of competent male adult workers at a full standard rate? What would be the effect, in short, upon the present employment, at wages far below a decent level, of workers who at present cannot (or at any rate do not) obtain a full subsistence wage?

To put it shortly, all such labor is parasitic on other classes of the community, and is at present employed in this way only because it is parasitic.

When an employer, without imparting any adequate instruction in a skilled craft, get his work done by boys and girls who live with their parents and work practically for pocket money, he is clearly receiving a subsidy or bounty, which gives his process an economic advantage over those worked by fully paid labor.

The employer of adult women is in the same case, where, as is usual, he pays them a wage insufficient to keep them in full efficiency, irrespective of what they receive from their parents, husbands, or lovers. In all these instances the efficiency of the services rendered by the young persons or women is being kept up out of the earnings of some other class. These trades are therefore as clearly receiving a subsidy as if the workers in

them were being given a "rate in aid of wages." The employer of partially subsidized women or child labor gains actually a double advantage over the self-supporting trades; he gets, without cost to himself, the extra energy due to the extra food for which his wages do not pay, and he abstracts—possibly from the workers at a rival process, or in a competing industry—some of the income which might have increased the energy put into the other trade.

But there is a far more vicious form of parasitism than this partial maintenance by another class. The continued efficiency of a nation's industry obviously depends on the continuance of its citizens in health and strength. For an industry to be economically self-supporting it must, therefore, maintain its full establishment of workers, unimpaired in numbers and vigor, with a sufficient number of children to fill all vacancies caused by death or superannuation. If the employers in a particular trade are able to take such advantage of the necessities of their workpeople as to hire them for wages actually insufficient to provide enough food, clothing, and shelter to maintain them permanently in average health; if they are able to work them for hours so long as to deprive them of adequate rest and recreation, or if they can subject them to conditions so dangerous or insanitary as positively to shorten their lives, that trade is clearly obtaining a supply of labor force which it does not pay for. If the workers thus used up were horses—as, for instance, on the horse-cars of an old street railroad, or like those that the English stage-coaches formerly "used up" in three years' galloping—the employers would have to provide, in addition to the daily modicum of food, shelter, and rest, the whole cost of breeding and training of the successive relays necessary to keep up their establishments. In the case of free human beings, who are not purchased by the employer, this capital value of the new generation of workers is placed gratuitously at his disposal, on payment merely of subsistence from day to day. Such parasitic trades are not drawing any money subsidy from the incomes of other classes. But in thus deteriorating the physique, intelligence, and character of their operatives they are drawing on the capital stock of the nation. And even if the using up is not actually so rapid as to prevent the "sweated" workers from producing a new generation to replace them, the trade is none the less parasitic. In persistently deteriorating the stock it employs it is subtly drain-

ing away the vital energy of the community. It is taking from these workers, week by week, more than its wages can restore to them. A whole community might conceivably thus become parasitic on itself, or, rather, upon its future. If we imagine all the employers in all the industries of the nation to be, in this sense, "sweating" their labor, the entire nation would, generation by generation, steadily degrade in character and industrial efficiency. And in human society, as in the animal world, the lower type developed by parasitism, characterized as it is by the possession of smaller faculties and fewer desires, does not necessarily tend to be eliminated by free competition. The degenerate form may, on the contrary, flourish in their degradation, and depart farther and farther from the higher type. Evolution, in a word, if unchecked by man's selective power, may result in degeneration as well as in what we choose to call progress.

THEORY OF THE MINIMUM WAGE[1]

In the United States today the great majority of our industries pay living wages to the great majority of the workers in their employ. Starvation wages, when encountered, are due to exceptional circumstances which justify extraordinary remedies. These usually reduce to characteristics of the workers which greatly limit the range of occupations open to them, and limitations on the amount of the particular sort of work that is available. Under these circumstances a rigidly enforced requirement that living wages at least shall be paid to all workers will merely put a stop to the profits of the exploiting type of employer, who now often pays his hands less than they are fairly worth to him, or hasten a more economical distribution of the available labor force, or compel the state to face squarely and make adequate provision for classes which cannot be and should not be required to be self-supporting. The general labor market is quite capable of absorbing all of the available labor force, except that of the defective or superannuated, at living wages. The problem is at bottom that of directing labor force to the occupations and localities where it is needed, and of training workers to take full

[1] From an article by Henry R. Seager, professor of political economy, Columbia. American Labor Legislation Review. 3: 81-91. February, 1913.

advantage of the opportunities afforded by the labor market. A minimum wage requirement should hasten this process by causing the individuals who are incapable of earning living wages in the occupations or places in which they happen to be to stand out clearly as unemployables for whose benefit society must organize labor exchanges, provide ampler facilities for industrial training and take other measures called for. These results should prove nearly if not quite as important as the gains in efficiency—not to speak of happiness—for the workers insured a living wage, and the lessening of that greatest disgrace to our civilization—prostitution in aid of wages.

The proposal is opposed on the ground that it is contrary to the spirit of American institutions and that it leads logically to socialism. That it involves a pretty complete break with the *laissez faire* theory of government is, of course, true; but that it differs in anything but degree from the legal regulation of safety and sanitary conditions and hours of employment I am unable to see. From one point of view, any extension of the functions of government in the industrial field leads in the direction of socialism, but there is certainly quite as much logic in the contention that this and other needed social reforms tend to make outright socialism undesirable and unnecessary as in the other view that the adoption of any policy that socialists happen to advocate must lead to socialism.

More weighty is the second objection; that is, that a state which decrees that its citizens shall not be employed for less than the living wages that may be prescribed is logically bound to see that such citizens be given employment at such wages or maintained in some other way. It is undoubtedly true that a determination in favor of minimum wage regulation does commit organized society to a more responsible attitude toward the whole labor problem than any American state has yet adopted. For one, I welcome this prospect and believe that the more serious attention to the questions of unemployment and its remedies, of industrial education and vocational guidance, and of provision for indigent widows and orphans, for the superannuated and for defectives, which it must entail, will prove only advantageous.

From the point of view of wage earners, it is urged, finally, that minimum wage regulations will tend to level all wages toward the minimum prescribed by law. I can see no *a priori*

ground for such a view. So far as the competition of wage earners of less capacity and with lower standards tends to lower the wages of those of greater capacity and with higher standards it already operates with full force. With a legally prescribed minimum wage, instead of forcing wages down to a starvation level, as it may now do, it could at the worst force them down only to the legal minimum. But I do not ascribe great importance to *a priori* arguments on an issue of this sort. It is of much more significance that in Victoria, after the minimum wage system had applied to the clothing industry for half-a-dozen years, the average wage for women was reported as 42s. 3d. a week as compared with the prescribed minimum of 36s., and the average for men as 53s. 6d., as compared with the legal minimum of 45s. An average nearly 20 per cent higher than the minimum is pretty conclusive evidence that wages continued to vary with the individual capacity of the workers after the minima were prescribed as they had done before. That carpenters' wages in New Zealand correspond closely to the rates prescribed in the awards of the Court of Arbitration, a fact which I have seen seriously cited as proof that the minimum wage spells uniformly low wages, is no evidence against this view. Carpenters' wages tend to be uniform in all countries, because of the character of the trade. Moreover, it is not the function of a Court of Arbitration to fix living wages merely but to fix fair wages, which is quite another matter.

To sum up my conclusions: The economic interest of society requires the payment of living wages to all workers, except, possibly, children learning trades and defectives, who must be treated as wards of the state. In the United States the great majority of industries pay such wages to the great majority of their employees. Starvation wages are found only under exceptional circumstances. Typical of these are home work under the sweating system, and the employment of girls in department stores. For both of these employments the requirement of minimum wages, covering necessary living expenses, would be a distinct social gain. It would put a stop to exploitation by grasping employers, and hasten a better distribution of the labor force of the country. Finally it would compel society to face the problem of caring for the unemployable through insurance or pensions for those who should not be expected to be self-supporting, and through the better training and distribution of

those who might be self-supporting if given some assistance. The objections to the plan are mainly practical, and the most convincing answer to these objections is the fact that other countries are actually making minimum wage regulations effective.

CONSTITUTION AND THE MINIMUM WAGE[1]

For the first time, questions affecting minimum wage laws are before this court.[2] It may be helpful, therefore, if I discuss briefly the nature of these laws and state their origin and history.

Nature of the Laws

Counsel for the plaintiffs described the minimum wage laws of Oregon, Wisconsin, Minnesota, Colorado, California, and Washington as compulsory laws. It would be more accurate to call them prohibitory laws. They do not compel any employer to employ any person. They do not compel any employer to contribute to the needs of any person. They only prohibit him from employing women at a wage which is less than the living wage. The laws would not prevent his employing a woman to whom no wage whatever was paid, and who was living wholly upon her independent income or was supported wholly by some one else. The Oregon minimum wage law prevents his employing for wages a woman who receives less than a living wage, in the same way that other laws would prevent a person from employing as an engineer some one who lacked the training necessary to entitle him to a certificate or license from the proper authorities; or as they would prevent him from employing as an elevator-tender some one under the age of eighteen or twenty-one.

The Oregon minimum wage law is thus prohibitory in its nature rather than compulsory; and to the extent that it is prohibitory it restricts the liberty not only of the employer but also the liberty of the employee.

The justification of that restriction may be read in the stat-

[1] By Louis D. Brandeis. Survey. 33: 490-4. February 6, 1915.
[2] U. S. Supreme Court, before which Mr. Brandeis made this defense of the Oregon Minimum Wage Law on December 17, 1914.

ute itself. It lies in three facts or conclusions drawn from facts. The first is, that wages which are not sufficient to support women in health lead both to bad health and to immorality; hence they are detrimental to the interests of the state. The second proposition is, that women need protection against being led to work for inadequate wages. And the third proposition is, that adequate protection can be given to women only by way of prohibition; that is, by refusing to allow them to work for less than living wages. Those are the three propositions which are, in substance, either expressly stated in recitals of the act or necessarily deduced from its language and provisions.

On what do those propositions rest? They rest upon facts ascertained through an investigation into the conditions of women in industry actually existing in the state of Oregon. And the results reached in this Oregon investigation are confirmed by numerous investigations made in other states and countries by the United States Bureau of Labor. Up to the present time only nine of our states have legislated upon the subject of the minimum wage, but many other states are actively considering such legislation; and in most of these other states similar investigations into the facts have either been completed or are now in process, and the reports on these additional investigations have not yet been published. This case involves, therefore, not only the constitutionality of the laws of those states which have already legislated on this subject, but upon the decision will depend also the action of the states which are in the process of preparing for legislation.

The Oregon Investigation

Let us consider now the situation in the state of Oregon early in 1913, and see what induced its Legislature to enact the law in question.

The first thing the people of Oregon did was to ascertain to what extent, as a matter of fact, women in industry in that state were working for less than a minimum wage, for a wage less than the necessary cost of decent living. That was the first subject of investigation; and it was found that in the state of Oregon, whatever might be the case elsewhere, a majority of the women to whom the investigation extended were working for a wage smaller than that required for decent living.

The next inquiry was what happened to women who worked

for wages smaller than the minimum cost of decent living. It was found that in Oregon a large number of such women were ruining their health because they were not eating enough. That was the commonest result. They scrimped themselves on eating in order to live decently in other respects or in order to dress and hold their jobs. Those that ate enough roomed under conditions that were unwholesome, or they were insufficiently clothed. Besides those who lacked these ordinary necessaries of life, the investigators found another class of women whose wages were inadequate but who supplied themselves with the necessities by a sacrifice of morality. They found that in a large number of cases the insufficient wage was supplemented by contributions from "gentlemen friends."

Such were the conditions found to exist in Oregon at the time of the investigation, which preceded the passage of the act. The act provides machinery for determining from time to time what wage is necessary. The amount required for decent living may vary in every city in Oregon. It may vary, and it actually does vary, in different occupations in Oregon. In the city of Portland, for instance, it requires more for a woman to live decently while engaged in department store work than if engaged in factory work. The reason is this, that a woman in a department store must always be well dressed, whereas a factory worker need not be well dressed in the factory.

Thus the conditions found to exist at the time of the passage of the act, and which led to its passage, were: First, that a majority of the women in industry were receiving as wages less than was necessary for their decent support; and, secondly, that such inadequacy of wages resulted on the one hand in a reduction of vitality and in ill health, and on the other hand in immorality and the corruption of the community.

The third subject of inquiry concerned the inference to be drawn from facts not peculiar to Oregon. It was this: In view of the function of women as the bearers of children, and in view of the fact that women may become in any community an instrument of immorality, the Legislature found that in Oregon, if women did not have wages sufficient to maintain them in health and in morals, detriment would result to the state in two ways. In the first place, degeneration would threaten the people of Oregon, because unhealthy women would not as a rule have healthy children. In the second place, unhealthy or immoral women would impose upon the community, directly or indirectly,

heavy burdens by the development of ever larger dependent classes which would have to be supported by taxpayers.

Such are the results which the Legislature found would flow in Oregon from women working at less than living wages, results which affect vitally not only the present but also future generations. Hence the Legislature was confronted with this alternative: either to seek, and possibly to find, a remedy; or to fold their arms in despair and say, "The resulting unhappiness of our people and the ruin of the commonwealth must be accepted as one of the crosses that man and states must bear." The Legislature did not adopt this second alternative; and it therefore looked about for a remedy.

Some Other Attempted Remedies

It was not necessary to invent a new remedy, because elsewhere in the world four different remedies had been tried for curing the prevalent social disease—wages insufficient to support working women in decency.

1. *Education.*

The first of these remedies was what might properly be called a voluntary remedy. The other three, differing in kind, were all what the opposing counsel would call compulsory remedies.

The voluntary remedy for wages inadequate to sustain life in decency is education—education, economic and ethical. No proposition in economics is better established than that low wages are not cheap wages. On the contrary, the best in wages is the cheapest. For most businesses, the economy of high wages has been demonstrated. Why should the proposition be doubted that wages insufficient to sustain the worker properly are uneconomical? Does anybody doubt that the only way you can get work out of a horse is to feed the horse properly? Does any one doubt that the only way you can get hens to lay is to feed the hens properly? Regarding cows, we have learned now that even proper feeding is not enough, or proper material living conditions; we must have also humane treatment in other respects. In certified dairies you will find often a sign forbidding the use of harsh words there, because experience has taught us that harsh language addressed to a cow impairs her usefulness. Are women less sensitive than beasts in these respects?

There is also a law of ethics that man shall not advance his own interests by exploiting his weaker fellows or through casting burdens upon the community. In course of time it might be possible so to extend the system of education as to make every employer in the state of Oregon recognize that he is doing something both economically and ethically wrong, when he employs women at less than living wages. Employers might be convinced so thoroughly of these truths that the practice would be abolished. But the Legislature of Oregon apparently decided that there was not time to await the fruits of this process of education; that meanwhile disaster would come to the state. For people have been as slow to recognize the wrong of low wages as they have been slow in recognizing—or at least delinquent in acting upon—the great truth that "the wages of sin is death."

So the Legislature of Oregon concluded that this voluntary remedy of education was not sufficient to meet these needs, and it turned to a consideration of compulsory remedies.

2. *Organization*

The first compulsory remedy to suggest itself was organization. "Why don't women do what men do—combine, organize themselves for collective bargaining and insist upon a living wage?" In many industries and in most states men succeed in securing a living wage by means of trade unionism. But the fact is that trade unionism has not yet flourished among women. Doubtless in time women in industry will become organized; but the state of Oregon felt that it could not await the lapse of time necessary to make the experiment of educating the women to trade unionism; for there are very good reasons why progress in organizing women workers has been slow.

In the first place, the average life of a woman in industry is very short, whereas the life of a man in industry is long. You are confronted, therefore, not merely with women's general inexperience in business, but with the fact that the shortness of her business life precludes adequate opportunity for educating her to trade unionism. Up to the present time it has been found practically impossible in many trades and in most communities to organize women effectively. So the Legislature of Oregon found itself obliged to reject organization as an effective remedy for the inadequacy of women's wages prevailing there.

3. *Enforcement Through Publicity*

The next remedy, also compulsory in its nature, to which the opposing counsel referred, with approval, is that adopted in Massachusetts. That law is in substance identical with the minimum wage law of Oregon, with one exception. It provides for the same investigations, for the same hearings, for the same findings, as the Oregon law does; but instead of prohibiting the payment of less than the minimum found to be necessary, and enforcing that prohibition of law by fine or imprisonment, it invokes another sanction—publicity. Lawmakers may properly choose among different sanctions that which, in their opinion, appeals best to their own community. In Massachusetts, we seek to prevent the payment of inadequate wages to women by holding up to public scorn those who pay less than our commission finds to be a living wage.

Unlike other states, Massachusetts has also in other connections long sought to secure observance of standards by official recommendations rather than through fine or imprisonment. While nearly all the other railroad commissions of America were exercising compulsory powers, our commission was given power only to recommend.

But within the last decade, after our railroads passed largely into the control of citizens of other states, doubts arose as to the efficacy of our law, and recently our Public Service Commission was given compulsory powers. It remains to be seen whether the present sanction in our minimum wage law will prove effective. Other states believed in a minimum wage commission with powers of compulsion through fine or imprisonment, perhaps because conditions are different in other states from those in Massachusetts. At all events, the state of Oregon, with the Massachusetts law of 1912 before it, concluded that, considering the habits, customs and traditions of the people of Oregon, legislation giving to the commission only recommendatory powers would be ineffective; and Oregon refused to follow the Massachusetts precedent.

The Procedure in Australasia and England

Then Oregon looked about the world and found the application of still another remedy, a remedy that seemed more promising. Her legislators considered the system which had been in

force for eighteen years in Victoria, which had been gradually adopted by the other Australian colonies and by New Zealand, and which had been applied there with such extraordinary success that it was adopted in Great Britain in 1909. This legislation undertook to prohibit by law, under threat of fine or imprisonment, the employment of persons at less than living wages, instead of resorting merely to education or to trade unionism, or to publicity as a means of eradicating the evil.

The Legislature of Oregon found in Victoria a community which, in many particulars, bore a striking resemblance to Oregon—a land newly settled by men and women with the Anglo-Saxon inheritances and traditions of liberty and freedom. That community had entered upon the experiment of dealing with the evil of inadequate wages in this particular way; and no people could have been more intelligently conscious of the fact that what they were proposing was an experiment.

It was an experiment carried on under a government without the specific constitutional limitation here invoked. But our constitution differs, in the respect of which I am talking, in no way from the unwritten constitution of Great Britain or the fundamental laws of the several British colonies.

The legislators of Oregon recognized that they too must make an experiment. They rejected the three other remedies proposed, and in looking about for another found this fourth remedy, compulsion by prohibition, instead of compulsion by publicity under the law or the compulsion through trade union organization under law, or mere educational processes; and they declared: "We will prohibit the employment of women at less than living wages as we now prohibit their working more than ten hours; as other states prohibit their working at night, or without adequate opportunity for meals, or at certain industries which experience has shown are specially deleterious to health.

Thus Oregon concluded to follow the lead of a commonwealth of English-speaking free people who had made the experiment, entering upon it with much trepidation and with as much doubt as some feel as to the wisdom of this experiment which is discussed today.

But the legislators of Oregon were not limited to the experience of Victoria. Her neighbors, the other Australian colonies and New Zealand, made similar experiments. They knew of the race degeneration which threatened England, and which

it attempted to meet by the factory acts. Gradually one after another of the Australian colonies and New Zealand concluded that the Victoria experiment was so promising that they were justified in enacting similar legislation; and finally, England, brought almost to the point of despair by the fruits of her industrial system, made a thorough investigation of all these experiments and borrowed from her Australian colonies the remedy of compulsory minimum wage laws.

The British act was passed in 1909. It was put into operation in 1910. With that conservatism which marks the British people, it was confined at the start to four trades in which conditions appeared to be particularly bad. After Great Britain had watched for two years the effect of this law upon the four trades, it concluded that the apprehension of opponents of the measure were unfounded, or that the disadvantages attending it were negligible as compared with the advantages; for in the first four trades conditions had greatly improved. Then conservative England took the next step and extended the operation of the law to four other trades.

It was in the light of this wide experience of the old as well as of the new world that the people of Oregon, outraged at the conditions which they found to exist in their midst and stimulated by the reports of the Bureau of Labor of the United States describing the conditions that attended women's work elsewhere, concluded to try this remedy that had proved effective in Australia and Great Britain.

If the three hundred and sixty-nine extracts from reports and other publications which appear in my brief are examined, it will be found that few of those who describe the successes of this legislation think it will bring the millennium. They say merely: "We have made advances; and the particular things which were apprehended from the enactment of these laws did not come to pass."

Results in Australasia and England

Such were the effects of the minimum wage legislation in Victoria and elsewhere. The Legislature of Oregon must have found what I have stated: that it raised wages; that it tended to increase the efficiency of the wage-earner as well as of the manufacturer; and that it tended to reduce the greatest of all industrial evils, irregularity of employment. This is true because,

in fixing minimum wages, the trade boards had to consider not only the rate of wages but also the average number of days in which the employee works; and employers are thereby induced to seek to regularize employment. Thus the minimum wage acts have tended to increase efficiency, have tended to eliminate the casual worker, and have tended to regularize employment.

The Legislature of Oregon doubtless found that these acts tended to eliminate also cut-throat competition in wages. The Legislature of Oregon must have found further that both employer and employee, after the act was in operation, welcomed its extension. Indeed, in Victoria, when the first experimental period set for the act was expiring, the extension was secured largely because the ministry had in its hands letters from employers urging the extension of the act because they found that it had created much better conditions in industry than had existed prior to its passage. And finally, in answer to the prophecies that the industries would be injured, the Legislature of the state of Oregon was doubtless furnished with facts showing that in Victoria and the other Australian states where minimum wage legislation was in force industry prospered, and the cry that business would be driven away had proved groundless.

Such was the situation which confronted the Legislature of Oregon; and in enacting the minimum wage law it did not take any revolutionary steps. It was, as has been pointed out, the kind of action which had previously been resorted to, and during a long period of years. Similar restrictions of individual liberty, limiting the freedom of contract, had been imposed among English-speaking people from time to time during the past one hundred and twelve years.

The Question of Constitutionality

Let me at this point discuss for a moment the question of constitutionality. I did not state earlier the legal principles which must govern this case, because they are so well established and have been so often applied by this court that I did not feel justified in taking time to refer to the decisions.

These things are perfectly clear: First, that the constitution does protect "liberty"; and second, that the right to contract is a part of "liberty." But it is also perfectly clear that this right of contract is not an absolute right; and there are scores and

scores of decisions of this court which have said this and have shown respects in which this right of contract may be abridged.

Upon a careful examination of all of those decisions I have been unable to find any in which this court has held invalid an act designed to protect health, safety or morals where there was shown to exist an evil and the remedy proposed gave reasonable promise of eliminating or mitigating the evil.

The test of constitutionality which this court has laid down was this: whether this court can see that the Legislature had reasonable cause to believe that the act in question would produce the desired result or had a reasonable relation to it; or whether this court could see that the Legislature of the state had no reasonable cause to believe that the act would produce such a result and that it was an arbitrary exercise of power. In only a very few instances has there been occasion to apply the test with the result of annulling a state law. The burden of proof must always be upon those who undertake to attack the law.

I conceive the only question before the court to be this: Is this particular restriction upon the liberty of the individual one which can be said to be arbitrary, to have no relation to the ends sought to be accomplished? Whether or not it is arbitrary, whether it is reasonable, must be determined largely by results where it has been tried out. Can this court say that the Legislature of Oregon, knowing local conditions in Oregon, supported by the Supreme Court of Oregon (supposed also to have some special knowledge of local conditions in Oregon), was so absolutely and inexcusably mistaken in their belief that the evils exist and that the measures proposed would lessen those evils as to justify this court in holding that the restriction upon the liberty of contract involved cannot be permitted?

This law does not undertake to compel any business to pay minimum wage. It merely prohibits the employment of a woman at less than a living wage. You cannot say that this particular woman, who is paid $12, is more expensive help than the next woman over here, who is paid $10. The ten-dollar woman may be much the cheaper help. The law does not say that you must pay the ten-dollar woman twelve dollars, but it does say you must not employ any woman to whom you do not pay a living wage; just as another law says you must not employ

an engineer who has not had the training necessary to get a certificate. The minimum wage law simply limits the choice of the employer; it does not impose any obligation upon him.

Opposing counsel has argued that when you prohibit employment at less than a living wage you do something which is entirely different from the prohibitions as to hours or conditions of employment. He admits that the Legislature may prohibit work in a place which is not sanitary, that it may protect against hazards peculiar to a particular occupation, but he insists that the Legislature cannot protect against a deficiency in wages because in some way, which I do not understand, the wage is detached from the occupation. But if there is some distinction which keener minds may be able to follow, it seems to me the court has shown that as a rule of law it cannot regard such a distinction as of any importance.

Previous Decisions Affecting Wages

Take the case recently decided, the Erie Railroad *vs.* Williams, which requires semi-monthly payment of wages. Of course, that at once affects the amount in value which the employee receives, and it affects the amount which the employer pays; because not only does the employer lose the interest but he loses what is often far more important than the interest—namely, the added expense of making payments at more frequent intervals. I had occasion to deal with this matter in connection with the weekly payment law in Massachusetts; and in those cases the interest was a matter of little concern. But the cost of bookkeeping and the cost of the time incident to paying off the people once a week was so great as to amount to three or four times the loss of the interest.

And take the truck law, the difference between being paid in cash and being paid in goods. That may be a difference of ten, fifteen or twenty per cent of the wage—quite as great a difference as that between a prescribed minimum wage and the wage previously paid. Or take the case of the determination of wages by the Arkansas coal screen law. In all these cases laws governing wages have been held valid, just as laws governing the other working conditions incident to occupations have been held valid.

The real test, as I conceive it, is, "Is there an evil?" If there

is an evil, is the remedy, this particular device introduced by the Legislature, directed to remove that evil which threatens health, morals, and welfare? Does it bear a reasonable relation to it? And in applying it, is there anything discriminatory, which looks like a purpose to injure and not a purpose to aid? Has there been an arbitrary exercise of power?

Laws prescribing a minimum wage differ in no respect in principle from those other laws affecting wages just referred to. Indeed, they do not differ from still other acts held valid by this court, which declare void provisions in wage agreements designed to protect the employee; such as the acts preserving the right of recovery for accidents, although the employee has solemnly agreed to surrender that right in electing to take benefits from a railroad relief society.

No such distinction as that suggested exists in fact. Living wages are most intimately connected with the occupation in which the wage-earner is engaged. The Legislature interferes for the protection of women because it has found that the alleged law of supply and demand does not, in fact, operate—or, if it does, it works destructively. The Legislature interferes to protect health, safety, morals, and the general welfare in connection with this wage relation of employer and employee, just as it interferes with the conditions under which the employee may live, in prescribing how tenements must be constructed to insure health and safety.

If Congress and the states have power to prevent cut-throat competition in the sale of manufactured products, as this court has held in connection with the anti-trust laws, and as Congress has further undertaken in the Clayton act and the federal trade commission act, there certainly exists power also to legislate to prevent cut-throat competition in wages.

In any or all of this legislation there may be economic and social error. But our social and industrial welfare demands that ample scope should be given for social as well as mechanical invention. It is a condition not only of progress but of conserving that which we have. Nothing could be more revolutionary than to close the door to social experimentation. The whole subject of woman's entry into industry is an experiment. And surely the federal constitution—itself perhaps the greatest of human experiments—does not prohibit such modest attempts as

the woman's minimum wage act to reconcile the existing industrial system with our striving for social justice and the preservation of the race.

EFFECTS OF THE MINIMUM WAGE IN OREGON[1]

The first federal investigation of the effect of the minimum wage in this country appears in a bulletin recently issued by the United States Bureau of Labor Statistics on the effect of minimum wage rulings in Oregon. The material forming the basis of the report was collected by investigators sent out jointly by the Bureau of Labor and the United States Commission on Industrial Relations. Its preparation was in the competent hands of Marie L. Obenauer and Bertha von der Nienburg.

The Oregon minimum wage law was passed in 1913. It provides that the employment of experienced women workers at a wage inadequate to meet their cost of living and to maintain them in health shall be unlawful. To determine what this minimum wage should be in different occupations and localities, there was created an Industrial Welfare Commission composed of three members, appointed by the governor, representing employers, employees and the public. The commission appointed various wage boards consisting in each case of nine members, representing equally employers, employees and the public.

These boards returned recommendations varying from $8.25 a week, for the smaller cities of the state, to $9.25 a week for mercantile establishments and offices in Portland. After holding public hearings, the Industrial Welfare Commission made the payment of these weekly wage rates mandatory. The rate of $9.25 a week to experienced adult women employed in mercantile establishments in Portland went into effect November 23, 1913. To become experienced in the sense of the law, not more than one year of service was required.

The federal report is a study of the effects of this ruling as registered on the payrolls of Portland merchants. Definite answers are given to the following questions:

Has the enforcement of the minimum wage law thrown women out of employment and have women been supplanted by men?

[1] From the Survey. 34: 478-9 August 28, 1915.

Have the average weekly earnings of the women been increased? Has the minimum wage tended to become the maximum?

Based on a careful study of the relation of the number of employees to the actual business done by the stores in corresponding months of 1913 and 1914, the investigation shows no falling off in the number of women employees nor supplanting of women by men due to wage legislation. In the words of the report.

On the whole, therefore, little displacement of women by men seems to have occurred in these six large stores, and the little which has occurred is not chargeable to the minimum wage determinations.

The effect of the wage rate of experienced women is told by the report in the following sentence:

Without a doubt, the minimum rate of pay for adult experienced women was raised in all occupations in these six Portland stores.

The number receiving $9.25 a week increased 130 per cent. In discussing the average weekly earnings the report continues:

The average weekly earnings of all women in the six department, dry goods and five-and-ten-cent stores increased 10 per cent, or from $7.89 to $8.68 per week, after the minimum wage determinations.

This is a remarkable showing in view of the fact, pointed out elsewhere in the report, that at the time the wage rulings went into effect several important causes were at work which would, except for the wage law, have caused a notable decrease in the weekly earnings of women employees. There had gone into effect at the same time with the wage determinations other rulings of the commission, cutting the daily hours of labor from 10 to 8⅓, and prohibiting the employment of women in stores after 6 P. M. Still more important, the year 1914 witnessed a serious financial depression which was measured in the stores by a falling off of 12 per cent in sales. This falling off of business would ordinarily have been followed by a corresponding decrease in the wages, whereas, under the wage rulings the average weekly earnings increased 10 per cent for the total number of women employed in 1914.

One of the commonest objections to minimum wage legislation is the statement that the minimum would tend to become the maximum wage. It was said that any attempt to bring up the wages of the lowest paid would be followed by a decrease in the wages of the better-paid, and that the process of leveling

down would meet the additional expense of paying better wages to the underpaid workers. The theory that there is a definite wage fund which is incapable of increase has caused many to oppose any attempt to better conditions in sweated industries. The report shows that far from the minimum becoming the maximum, a larger percentage of women workers received more than $12 a week after the law went into effect than before.

In answer to the question, "How were the women who received more than $9.25 before the wage determinations affected?" The answer is given, "As a group they constitute a larger proportion of the total number of women in 1914 than in 1913, and an examination of the rates received reveals that not only the proportion but the actual number getting over $9.25 but under $12 increased after the wage determinations despite the decrease in the total force of women," due to the general financial depression. "The proportion of the total force getting $12 and over also increased." The report published by the Industrial Welfare Commission of the state of Washington shows the same result and clearly destroys the contention that minimum wage legislation decreases the wages of the better paid.

The report concludes that the net increase in total female labor cost was six mills per dollar of sales, an increase which did not result in closing any business establishment in Portland.

The rulings under the law dealing with learners and apprentices are, as yet, only tentative. The commission ruled that in no occupation would more than a year of experience be required to entitle an adult woman worker to the minimum wage awarded. In some departments of the stores a year was obviously longer than was necessary to obtain proficiency, writes Rev. Edwin V. O'Hara, chairman of the commission. In these departments there was a tendency among certain employers to shift or dismiss the help at the end of a year's experience. This method, however, has not proved satisfactory. The employers have found that the loss in efficiency, due to frequent changing, has not at all been compensated for by the lower wage. Consequently the tendency to dismiss girls when they attained a year's experience in these unskilled departments has been largely checked. It will probably be found necessary, he says, to cut down very notably, in some occupations, the period required for the workers to become classed as experienced under the law.

OPERATION OF THE MINIMUM WAGE LAW IN THE STATE OF WASHINGTON[1]

The legislature of the state of Washington in 1913 passed an act fixing minimum wages and standards of labor for women and minors. It provided for the appointment of a commission to investigate wages, whose orders should become effective sixty days from date of issue. It makes it unlawful for any employer in an occupation reported upon to employ any female over eighteen years of age for a less wage than that prescribed in the order or under conditions prohibited for women in that occupation. It is provided, however, that the commission may, through its secretary, issue a special license to a woman physically disabled, or to one crippled by age or otherwise, or to an apprentice in said occupation, authorizing the employment of such licensee for a wage less than the minimum wage prescribed. But the commission must determine the wage at which the licensee may work and the duration of the apprenticeship.

The minimum wage law became effective June, 1913. Soon afterward the commission was appointed, and held its first meeting the latter part of July. In order that it might have accurate information concerning the industries of the state, a survey was authorized covering wages, conditions of labor, costs and standards of living in certain industries. This survey consumed eight months. The results are given in a report issued March, 1914, under the title "Wages, Conditions of Work and Cost and Standards of Living of Women Wage-Earners in Washington."

With these data at hand the commission called the first conference to consider wages and conditions of employment in the mercantile establishments. The membership of this conference, as in the case of all subsequent ones, was composed of representatives from employers, employees, and the public. The conference unanimously recommended the adoption of a minimum wage of $10 per week in all mercantile establishments; that female employees be given one hour for lunch; and that proper toilet facilities, rest rooms, and ventilation be provided in all mercantile houses where women are employed.

[1] From an article by A. W. Taylor. American Economic Review. 5: 398-405. June, 1915.

The commission made this order and in addition fixed the wages for persons under eighteen at not less than $6 per week, which rate, with some modifications, they made applicable to apprentices in all industries in which the minimum wage has been fixed.

Manufacturing establishments were considered at the second conference and recommendation was made to establish a minimum wage of $8.90 per week, and that proper heating facilities be provided and provision made for a rest room in case of illness or fatigue. The third conference dealt with laundries and dye works. The fourth conference, after considering employment in the telephone and telegraph business, recommended a $9 minimum wage, a full hour for lunch, adequate toilet facilities and rest rooms.

The last conference, held the latter part of December, took up the employment of office help. A wage of $10 was recommended for clerical occupations, and a noon luncheon period of not less than one hour. The order was issued to that effect by the commission and became operative February 20, 1915.

The commission considers one of the greatest benefits of the conferences to be the better understanding that has been reached by both the employers and employees. "The most hopeful phase of the whole vexing problem may be found in the breaking up of old prejudices; the giving up of hurtful customs; the recognition of justice and the acceptance of the large viewpoint."[1]

The whole question of apprenticeship has entered into every conference. Since the responsibility of dealing with this vexing problem was definitely assigned to the commission, no recommendations were made by the conferences, but the discussions in those meetings brought out many points which enabled the commission to deal intelligently with the matter. The minimum wage law made provision for apprentices by empowering the commission to issue a special license permitting those unable, either through physical incapacity or because they were not trained sufficiently to do the work, to be employed for less than the prescribed minimum wage prevailing in that industry. While this modification was necessary to relieve the rigidity of the law and highly desirable in many cases, it presented possibili-

[1] First Biennial Report of the Industrial Welfare Commission, p. 60.

ties of evading the law fraught with great danger. It was feared that employers would discharge a large number of their employees as soon as they had finished their period of apprenticeship and hire new ones, especially in that work which did not require great skill or where the necessary training could be secured in a short time.

To avoid this possible defeat of the purpose of the law, the commission is working out a system of control by the issuance of licenses to a limited number in each establishment, under which every person coming under the provisions of the law must either be receiving the minimum wage or have a permit from the secretary of the commission. In order to estimate intelligently the number of apprentices to be allowed, the period of indenture, and the wage to be paid, a careful study was made of each separate industry.

It is hoped that an efficient system of vocational training may be established in the state in the near future, which will minimize the necessity of granting licenses, but until that is done some provision for the learner must be made. If an applicant has had training, though it is not sufficient to entitle her to the minimum wage, an allowance is made for that training by reducing the period of apprenticeship proportionately.

There has been no unusual reduction in the number of women employed in the industries of the state as a result of the minimum wage, and there has been no apparent leveling up of wages. There has been no tendency to displace the higher paid labor with cheaper help nor any disposition to bring wages down to the minimum. A statistical study of the number in employment, before the law went into effect and after, shows in the mercantile establishments, the laundries, and telephone offices that there has been a total decrease of 66 in the number employed in the year. In the mercantile establishments there was a decrease of 87; in the laundries a decrease of 30; but in the telephone an increase of 51. There is nothing in these figures that can not easily be accounted for by the depression in business during the year; and, further, they show that the decrease was entirely among those getting less than the minimum wage.

According to the survey made before the law went into effect 60 per cent of the women employed in this state were getting less than a living wage. In other words, the wages of

about 60 per cent of the women employees have been raised without any serious difficulty, and it has been done in the face of bad business conditions generally throughout the Northwest.

Before the law went into effect there was a wave of apprehension and disapproval among employers, but that has disappeared. Where the industry has been able to pass on the added cost to the consumer there has been least friction, but in some of the trades that come in direct competition with Eastern firms there has been a very satisfactory adjustment. A Seattle garment-maker speaks in very high terms of the improvement of the amount and grade of the work done by the higher paid employees. Notwithstanding the fact that they had raised the wages fully a dollar a girl, conditions had greatly improved in their employment and they were doing better financially than they had done before. "I did not know until the minimum wage went into effect that it paid to employ higher priced women workers, but it does," was the testimony of the manager of a ten-cent store. The operation of the law has seemed to have a wholesome effect upon those women who did not care and were willing to take a low wage rather than make an effort. They now see that if they are to have any employment they must make themselves sufficiently useful to the employer.

The commission early made it plain that it meant to enforce the law. In the case of a Seattle laundry operator who discharged a girl for acting on the first laundry conference it demanded her reinstatement, which the employer refused. A warrant was sworn out and he was arrested and tried, found guilty and fined $100. His attorney gave notice of appeal, but so far none has been taken. Since then no trouble of that kind has been experienced.

The minimum wage law has been in operation only a little over a year, and during that brief time has met with a very cordial reception, both by the employer and the employee. The commission does not feel that it has solved all the problems connected with fixing a minimum wage, but it does feel that it has made progress; that a minimum wage is feasible; and that good results may be obtained without detriment to business. Through the agitation in connection with the administration of the law, the state has been aroused to its responsibility and has given some attention, through the department of

education, to the matter of vocational training. Washington has, perhaps, some advantages as a field for experimenting with a minimum wage for women and minors, since it has not the number of women employed that some of the older states have.

UTAH'S MINIMUM WAGE LAW FOR FEMALES[1]

Summarizing its practical effects within the brief period it has been in operation, the law may be said to have been instrumental in raising the wages of a number of women and girls who most needed the additional sums of money it has placed in their hands. It has not increased the wage payroll in establishments employing any considerable number of women over 5 per cent. As an offset to this, most employers admit that they have obtained increased efficiency, because proprietors or managers of many establishments employing a large number of female workers immediately preceding the date of this law becoming effective made the occasion an opportunity for heart-to-heart talks with their female employees, to emphasize the fact that it would be up to them (the employees) to make good in order to hold their positions. This presentation of the situation is alleged to have had a leavenous effect upon quite a few deficient employees who are now drawing more than the minimum wage. A few small country merchants claim to have been hard hit, and some formerly employing two girls now have but one. A very small number of women and girls who failed to produce the results fixed as necessary were dismissed from establishments, but most of them found other work for which they were better adapted, and consequently we can recall but few cases where a woman or girl has been utterly deprived of employment because of this law. In several cases where girls have been discharged because of the activities of our department in compelling employers to pay the minimum wage we have found positions that were satisfactory to them.

And here, let me say, we have found among the business men

[1] By H. T. Haines, Commissioner of Immigration, Labor, and Statistics, Utah. From a paper read before the Association of Government Labor Officials, Nashville, Tenn., June 7, 1914.

of Utah many whole-souled, broad-minded and philanthropic fellows, who have stood ever ready to aid our department and assist us in the enforcement of the law by giving employment to the girl or woman who had been unkindly and unceremoniously discharged because of our insistence that she be paid the minimum wage and all back wages due her, or because she had given or was willing to give, at the sacrifice of her job, incriminating evidence against her employer. Our progress in the enforcement of the law would often have been impeded had it not been for the cooperation of the men thus referred to.

One very important thing the law appears to have not done, as was feared, and that is that it has not caused the minimum wage to become very nearly the maximum wage. Of the 12,000 women wage-earners in our state coming under the provisions of this law, we have not been able to find one woman or girl who was drawing $7.50 per week at the time the law went into effect whose wages have suffered a decrease. The fear of some such action as this, by way of retaliation, was and has been often voiced prior and subsequent to the operations of this law, but the fear in our state appears to have been ill-founded. The situation now is that a much larger number of employees in Utah are drawing a wage in excess of the highest minimum wage than those who are paid the legal wage itself.

Another beneficial effect for the manufacturer is that it tends to equalize the cost of production, and the same deduction applies to the merchant, as the minimum wage will also in his case contribute to the equality in the cost of selling goods. The hard-fisted manufacturer or merchant who was inclined to purchase his labor for the cheapest price obtainable is now compelled by law to pay for labor about the same price that the more liberal and considerate employer is inclined to pay voluntarily.

I believe that I am justified in saying that 90 per cent of employers of women and girls are well satisfied with the law as it now stands and is enforced. Of course employees whose wages it has raised are satisfied, and hope soon to see the minimum wage made higher. The women who are responsible for the enactment of the law feel that they have accomplished a great good for their sex, and no member of the legislature who voted for the law is apologizing to his constituents for his action.

HOW BOTH EMPLOYER AND EMPLOYEE WILL BENEFIT[1]

I believe that a minimum wage law would be beneficial to the employer and employee. Beneficial to the employer who wishes to do right because at the present time he cannot pay more than the prevailing rate of wages and compete with others, and to the employee who is then assured of a certain wage and, to a certain extent, would thereby be made free from local and trade conditions which might tend to reduce wages in a particular section.

The argument that the inferior or inefficient worker would be thrown out of work is worthless, as no one to-day keeps the inefficient worker when he can get better help. The minimum wage would not tend to bring all wages to that level, as the only way to keep efficient and experienced help is to pay them consideration to keep them from floating. All successful firms do this to-day and will continue to do so.

The minimum wage should be set on statistical records of the liability to accident, loss of time through trade and weather conditions, the effect of the work, etc., on the health of the worker, and allow for a fair living wage for a family of five.

The law should also include a compulsory arbitration clause which would be binding on both sides in case of strike, and be free from technicalities which would allow either side to hold settlements up for any extended period.

I believe that it should be a national law, as the tendency today in interstate trade is for factories to move into and new factories start in states where the laws do not call for strict regulations.

This law should also limit the salaries paid to officials, as the present method of allowing unlimited salaries to officials of corporations allows them to deprive minority stockholders, and indirectly the employees and consumers, of a considerable amount in the aggregate which should be available for dividends and wages.

We are also in favor of having the retail price of all prod-

[1] Statement of James F. Adams, Vice-President The Canister Co., Phillipsburg, N. J., published in Fourth Report of the New York Factory Investigating Commission. 1915.

ucts, whether raw or manufactured, set by a commission which would allow for a fair profit in addition to a healthy expansion of the business and for jurisdiction over the wages of the workers.

THE MINIMUM WAGE AND BETTER STANDARDS[1]

I have your inquiry regarding the minimum wage. Personally, I believe that it is one of the most important subjects before our legislators today, and I want to answer it at some length from two points of view. First, its bearing upon our personal experience; second, its relation to the question of industrial advance in general.

We recognized its possibilities some years ago, and after careful investigation adopted the principle in our business.[2] Since then we have watched its effect patiently, and I think I may say today that the results have been satisfactory. We have found that it has been a large factor in raising the standards of our employees, in making them more contented at their work, and in keeping their efficiency steadily on the upward trend. All these, of course, are good assets for any business.

In the broader question, however—whether or not it is wise to establish a standard minimum wage in diversified industries in a state—I recognize that there lies possibly some room for a difference of opinion. Unquestionably the adoption of such a standard would compel the employer to demand greater efficiency from the individual employee. This would result temporarily in an increased problem of unemployment, to deal with which the state must adopt a well considered program of legislation. Such a program would necessarily include part-time schools, vocational education, and vocational guidance as a part of the educational system. Where such schools and courses have been introduced they have resulted in a voluntary increase in the num-

[1] Statement of A. Lincoln Filene, General Manager William Filene's Sons Co., Boston, published in Fourth Report New York Factory Investigating Commission. 1915.

[2] Department store.

ber of years of schooling per pupil, and this for two reasons: The pupils themselves can see that their study is directly fitting them for their life work, and their parents recognize that, while the pupil enters industry at a slightly later age, the increased preparation for a specific job means increased compensation, with less frequent changes of employment, and less chance of bringing up in the so-called blind alley employments. From the standpoint of the employer all this means the prevention not only of inefficiency but of the enormous economic waste which arises yearly from the continual change of personnel with its ever-recurring training of new men for a given job.

Necessarily, also, there will be brought to the attention of the legislators the problem of the unfit. To deal with this question supplementary legislation of an educational and protective nature must be added to the enlarged educational program I have outlined. In this connection I should like to see a careful study of the present conditions with a view to finding out if the unfit should or should not be handled as an entirely separate problem, and whether their protection and partial or entire support would be better administered by state or by private agencies.

In spite of all these factors, the influence of which on the question has still to be tested, I can imagine a situation in industry where the best efforts of employers and employees may still make it impossible to adjust the wage level except by direct reference to the consumer through an increase in the price that he has been accustomed to pay. Should he refuse to uphold the manufacturer in such a case, either the community must bear the burden of the increased wage and price of a commodity or decide to do without that industry.

But, on the whole, I believe that, while when first adopted a compulsory minimum wage may cause some inconvenience to industry and some hardship to the individual worker, the improved standards imposed on both will in the end so benefit both that after a reasonable trial neither would be any more in favor of abolishing it than we are today in our business.

MEANING OF THE MINIMUM WAGE[1]

The enterprise of many American business men has long since shown that an increase in wages is not incompatible with an increase in profits. A few years ago the United States Tariff Board examined into the labor cost in the cotton, paper, and woolen industries. It found that because of superior machinery and the higher personal efficiency of the American worker, the American weaver receiving one dollar and sixty cents a day was in certain cases cheaper than the Japanese weaver receiving eighteen and one-half cents a day. "In wool scouring," says Mr. N. I. Stone, the expert of the board, "the lowest average wage paid to machine operators in thirty mills was twelve and sixteen-hundredths cents an hour, the highest seventeen and seventy-nine-hundredths. Yet the low-wage mill showed a labor cost of twenty-one cents per hundred pounds of wool, while the high-wage mill had a cost of only fifteen cents. One-half of the difference was accounted for by the fact that the low-wage mill paid nine cents per hundred pounds for supervisory labor—foremen, speeders, and the like—whereas the high-wage mill found it necessary to pay only six cents for this purpose. In the carding department of seventeen worsted mills the mill paying its machine operators an average of thirteen and eighteen-hundredths cents per hour had a machine labor cost of four cents per hundred pounds, while the mill paying eleven and eighty-six-hundredths cents per hour had a cost of twenty-five cents per hundred pounds. This was largely due to the fact that the high-wage mill, which operated at a lower cost, had machinery enabling every operator to turn out more than three hundred and twenty-six pounds per hour, while the low-wage mill, operating at a high cost, was turning out less than forty-eight pounds per hour."

In 1896 there were many workers in Victoria who feared that the minimum-wage act would disrupt the unions, and that the minimum wage would tend to become the maximum. Neither of these things has happened. As parliaments in which both sides have equal representation, the wage boards have greatly stimulated organization among the workers no less than among the employers. It is true that the labor leaders have had

[1] From an article by Robert W. Bruère. Harper's Magazine. 132: 276-82. January, 1916.

to change their qualifications; they have had to become students of the industry, skilled in reasoning from facts, instead of fomenters and leaders of strikes. Nor has the minimum wage tended to become the maximum.

For years wage boards or industrial parliaments have been in operation under voluntary agreements entered into by the employers and workers in a number of important American industries, notably in the garment trades in New York City. As a member of the Board of Arbitration of the Waist and Dress Industry, I have had an interesting opportunity to watch their effect upon the relations of employers and employees, and upon the prosperity of the community. Their most noteworthy result has been the substitution of discussion and adjustment of difficulties upon the basis of tested evidence for the strikes and lockouts that, until a few years ago, kept the largest clothing industry of the nation in a state of perpetual uncertainty and turmoil. By the terms of a voluntary agreement, standards of minimum wages have been fixed for the industry, and working conditions in the factories have been greatly improved, not only to the benefit of the health of the workers but also to the advantage of the employers through increased efficiency, by a Joint Board of Sanitary Control to the support of which both sides contribute. When questions arise as to the fairness of wages, the sanitary conditions in factories or the justice of hiring or discharge, they are brought before a conference in which both sides are equally represented for parliamentary investigation and debate, with the result that a majority of them are adjusted without serious interruptions of production or loss of employment.

An especially significant result of the industrial parliaments has been the modification they have produced in the psychological attitude of the employers and the workers toward one another. Under the conditions of modern industry, where large numbers of workers are brought together in a single establishment, and where the tide of business is subject to wide flunctuations, so that there may be fifty workers in a shop to-day and a hundred and fifty to-morrow, the old personal intimacy between the employer and his help has almost totally disappeared. Few employers know even the names of a majority of their workers, and most workers know their employers only by name. This lack of contact opens wide the door to misunderstandings, breeds suspicion, and often tempts both sides to take secret and

unfair advantage. Where no provision is made for conference the spirit of the factory is likely to become that of an armed peace, which is essentially the spirit of war. I have seen employers and workers come together in the meetings of wage boards, tense with bitterness and hostility. I have heard them wrangle for hours over charges of bad faith and have seen them grow calm and reasonable as the questioning of the chairman brought out the facts on both sides and developed the basis for an understanding. Often both sides will show an unexpected readiness to subordinate what they had considered their absolute rights in the premises to the larger interests of the industry, and to recognize themselves and one another not so much as enemies fighting for a stake as industrial citizens with a common interest in the prosperity of the trade and a common responsibility to the public.

These conferences have not, to be sure, obviated strikes and lockouts entirely, principally because, under the terms of a voluntary agreement, there is no authority like that of the state commissions, with legal power to call witnesses, to investigate all facts in dispute, to compel candor on both sides, and to place full evidence before the public. In the course of long and tedious debates over the technical details of an industry upon the part of employers and workers who feel that their livelihood depends upon the issue there are times when individual interest and partisan passion prevail over reason, candor, and mutual consideration, with the result that the conferences break up in explosions of discord. Then follow stoppages of work, as strikes of a few days' duration are called, or the arbitrary discharge of groups of workers to punish the union leaders. But these failures are exceptional and are usually confined to a single factory. And if the conferences were held under state supervision, in the full light of publicity, the failures would become fewer still.

It is because the public, under modern conditions of factory production, is so vitally concerned in the uninterrupted and efficient conduct of every business that deals in the commodities of domestic consumption that the wage boards or industrial parliaments, fortified by the police power of the state, are such important additions to the civic structure. And because they give the public and the workers a recognized voice in the employer's conduct of his business, they are of unique significance in the evolution of industrial democracy.

WHERE LIFE IS MORE THAN MEAT[1]

What advantages in the way of wages, it will naturally be asked, have resulted from the establishment of wages boards? This question cannot, of course, be answered in full in one short article, for there are wages boards in many trades in Victoria affecting thousands of workers. Some of them have been organized for a period of sixteen years. Others have been organized only recently; and to state merely the amount of the increase in wages without stating the length of time since a board first reached a determination would be meaningless. Nevertheless, I am able to quote a few illustrations from a Victorian pamphlet of recent date.

The coopers' board was established in 1901. Before the determination came into force the average wage paid had been about $8.50 per week. By 1912 the 125 coopers in the industry had received an average increase over the rates in 1901 of approximately $6.25. In the bread-making trade, which was one of the worst sweated trades in 1896, and one of the original trades for which a wages board was provided, there had been an increase in the average weekly wage for the 763 employees of approximately $5.25. Since 1901 3,033 woodworkers had received an average increase in wages of approximately four dollars per week. Since 1896 1,400 white workers in the furniture trade have had an average increase in their wages of about $3.75 per week. This also was one of the trades for which the original act provided.

Here I must mention that wages boards have never been successful among the Chinese in Melbourne, who have been engaged in the manufacture of furniture for many years. The reason for this failure is that neither Chinese employers nor employees have desired such a plan. Both sides have apparently realized that if wages were forced up to the level of those received by Europeans, Chinese workers would be driven out of the trade, and it must be frankly admitted that this was one of the purposes in mind when the first wages board in this industry reached its determination. In spite of all efforts to secure evidence that the minimum wage is not being paid in the Chinese branch of the trade, the factory

[1] From an article by M. B. Hammond, Member of Industrial Commission of Ohio. Survey. 33: 495-502. February 6, 1915.

inspectors have been unable to secure any convictions. The Chinese have evaded the act and have borne out very well Bret Harte's notion regarding "the heathen Chinee." This goes to show that there is no gain in having a minimum wage fixed by law in trades where neither employers nor employees desire it.

In the boot trade, one of the most important industries in Australia, the increase in the average weekly wage for more than six thousand workers has been about $3.50 per week since 1896. This, too, was one of the worst sweated trades at the time the minimum wage law was enacted. Tanners have had their wages increased about $3.50 per week since 1901. Glass-workers have received an average increase of nearly four dollars per week since 1909. Workers in the jewelry trade have benefited to the extent of $3.25 per week since 1901, and the bread carters have received an advance of $3.50 per week since 1909.

These figures suffice to show that the workers have benefited to a considerable extent since the determinations came into force in their respective trades. Unfortunately, these figures do not show the real extent to which wages have been increased by the act, for an average wage, it must be remembered, is made up of the wages received by the better paid workers as well as by the less fortunate. Now it is only the poorly paid workers whose wages are directly affected by the minimum wage law. Victorian statistics are at fault in not showing the number of wage workers receiving classified weekly wages year by year. If they showed this, we could see how many poorly paid workers in each industry had had their wages brought up to the present legal minimum.

It is generally admitted that sweating no longer exists unless, perhaps, in isolated instances in Melbourne or other industrial centers of Victoria. The organization largely responsible for the enactment of the original minimum wage act was the Anti-Sweating League, which still exists to ferret out any trades whose workers may be receiving less than a living wage and to assist in bringing violations of the act to the attention of factory inspectors. Its secretary, Samuel Mauger, has told me that sweating no longer exists in Victoria, and his statements are confirmed by factory inspectors and by various trade union secretaries. In fact, the wages

boards no longer attempt to secure a minimum rate of pay based on the idea of a living wage. The workers' representatives on the board aim rather to secure a standard rate of pay based on the needs of the average worker, and as much above this as is possible.

How now, it may be asked, has the employer benefited by the system of wages boards? Is he the unwilling victim who suffers for all the gains secured by the workers? There can be no doubt that the employers were bitterly opposed to the act at the time of its passage. The Victorian Chamber of Manufactures led the attack on the system both in 1896 and again in 1900, when the system was extended to trades which had not been provided for by the earlier act. In Melbourne I had lengthy interviews with the presidents and secretaries of both the Chamber of Manufactures and the Victorian Employers' Association, and with the secretary of the association which represents the mine-owners and operators. All these gentlemen made some complaints concerning the administration of the act, and the way in which determinations had been reached in several boards; but not one would admit that he wished to see the wages boards abolished, and practically all agreed that the system was better for employers than the old system of unregulated competition. This opinion was also expressed by many employers in Victoria and in New South Wales and South Australia, where the same system or something similar to it exists. I did not find an employer who desired to return to the old system of free competition in the purchase of labor, although I made an effort to learn who were opposed to or out of sympathy with this method of regulating industry.

The reasons for this change in the opinions of employers are easily explained. The minimum wage has not been detrimental to their business, and has forced their rivals to adopt the same scale of wages which they are themselves obliged to pay. Every employer who desires to be fair to his employees now knows that he is not being taken advantage of by a less competent or more greedy competitor, who attempts to undersell him by forcing down the pay of employees. It is a mistake to think that employers generally desire to pay low wages. Many in this country are heartily ashamed of the wages they now pay and would be glad to pay more, and

would do so were it not for competitors who take advantage of the workers' necessity. If all employers are forced up to the level of the best in the trade, prices will not necessarily increase, though they may increase. If they do not, either the increase in wages comes out of unusual profits secured by those who have previously paid a low rate of wages or these employers are driven out of business and their trade goes to men able as well as willing to pay the higher wages. If prices do increase as a result of the rise in wages, it means that the industry as a whole has been in a sweated condition and that the wage increase is borne by consumers who had been benefiting at the expense of the workers.

There is, of course, one further advantage to employers arising from the establishment of a living wage, though it may not be fully realized for some time. Well-paid workers are in better condition and work more cheerfully than do those whose wages have forced them to a low standard of living. Such a plan is easily understood by employers when they feed their horses, but is strangely enough at times overlooked when they deal with employees. The great establishments which conduct welfare work show clearly that our most intelligent industrial managers appreciate the gains which result from good treatment of employees.

One of the greatest advantages of the wages board system, as of all other systems of collective bargaining, is the educational feature. Both workers and employers have learned to appreciate the rights, responsibilities, and needs of the other side. More than once in a wage board meeting I have heard employers admit, after the workers had shown that existing wages were not covering their legitimate needs, that an increase in the rates of pay was necessary. On the other hand, I have seen workers regretfully agree to accept lower rates of pay than those for which they were contending, because they were convinced that the industry would not at that time stand the full increase demanded. They have explained the predicament in which they were placed by being obliged to go back and tell their fellow-workers, whom they represented, that the prosperity of the industry was not so great as they had believed it to be, and that for this reason wages could not be advanced as had been hoped for.

When wages boards were established in Victoria, it was

freely predicted by manufacturers, in and out of Parliament, that the system would drive industrial establishments outside of the state. At that time, it must be remembered, other states were not regulating wages. There is indeed one instance of a plant having left Victoria on account of this regulation; a brush manufacturer from England, who had recently established his business at Victoria, was so enraged at the idea that the wages he was to pay were to be regulated by law that he moved across Bass Strait to Tasmania without ever having given the system a trial. What has happened to him since Tasmania has adopted the same system of wage regulation I do not know. While this is the only instance, of which I have knowledge, of an establishment having left the country after the adoption of the wages board plan, it is reported that several companies operating plants in Victoria and other Australian states increased very materially the output of their non-Victorian plants. It is quite likely that this would be one of the results.

It is a mistake, however, to suppose that under the wage-board plan wages are commonly forced up to the point where industries are actually driven out of the state. Employers are as strongly represented on the wages boards as employees, and are fully as able to protect their own interests. No sane chairman would vote with employees to fix wages at such a point as would be likely to drive out well-managed industries, conducting business in a fair way and with reasonable profits, nor is it likely that wage-earners themselves would be willing to see this done.

Interstate competition is frequently brought into the discussion in these boards to show that it is impossible to fix wages as high as employees are asking, and as employers would otherwise be willing to grant. Wages not only in other states but in other countries come up for consideration, and outside competition is responsible for the relatively small increase in wages which has taken place in certain industries.

Interstate competition does not, however, prevent employers in establishments paying low wages from being forced up to the level of their higher grade competitors. This is in fact one of the greatest gains of the wage board plan, which recognizes that "life is more than meat," and that the needs of workers are more important than profits of certain employ-

ers. It tends, therefore, to throw the management of an industry into the hands of men able to carry it on under conditions which make possible a living wage to their employees.

WORKING OF THE TRADE BOARDS ACT IN GREAT BRITAIN AND IRELAND[1]

Conclusions

What conclusions may we venture to draw from the facts just summarized? First, that even in trades of a complicated nature the fixing of a minimum rate presents no insuperable difficulties, and that by the practical acknowledgment of representative employers a margin exists in the four scheduled trades which makes leveling up of wages to the standard of the better-paying firms possible. Secondly, that in the case of every scheduled trade the effect of the minimum rate has been to raise wages, and in the case of the worst paid to raise them to an extent which has wrought a complete change in the economic conditions of the workers' lives. Thirdly, that in spite of the doubling and more than doubling (in some instances) of the rate in the chain trade and the substantial advance in tailoring and box-making, this rise of wage has not been accompanied by any corresponding rise of prices to the consumer. Lastly, that some widely expressed fears in connection with the probable effect of a compulsory minimum rate have not been justified by the event. Even in the short space of time that has elapsed since the first decisions, things have occurred to show that the formula, "The minimum remains the maximum," is rather sonorous than sound. The Leeds tailoresses with their 4d. an hour and the recent advance of a farthing on the original minimum gained by the chain-makers combine to reassure the timorous on that point. Nor has the operation of the act resulted, as was foretold, in wholesale dismissals of old and slow workers. The predominant method of payment in the scheduled trades is by piece, and where this is the case the employer who has fixed

[1] From an article by Constance Smith. Journal of Political Economy. 22: 605-29. July, 1914.

piece-rates yielding the equivalent of the time-rate to the "ordinary" worker runs no risk of penalty if his sub-ordinary worker fails to reach that amount by reason of incapacity or advanced age. The ground of action against him, if it exists, will lie in the character of his piece-rate, not in the earnings of such and such a worker; so that the act really offers him no fresh inducement to get rid of workers who are something less than competent. And this he has apparently recognized.

As regards administration, the experiment has not been carried far enough to afford adequate data for the formation of a final judgment. But the new readiness to organize shown by workers belonging to all the four industries under trade boards, even those hitherto regarded as hopeless from the organizer's point of view, gives ground for belief that, with the initial encouragement of a minimum rate to begin upon, the persons entitled to receive minimum rates will in the future gradually learn to act in their own interests, and so to make evasion or infringement of the law on any large scale impossible.

Further, the indirect effect of the trade boards is already beginning to show itself. The rise of wages due to their action is stimulating the members of trades as yet unprotected to demand better rates. The hollow-ware workers of the Black Country, inspired by their neighbor chain-makers of Cradley Heath, obtained a minimum weekly wage of 10s., even before they were themselves brought under a board.

Taking all these considerations together, it is possible even at this comparatively early stage to claim for the experiment such success as entitles us to press very earnestly for the bringing of other sweated industries or branches of industry within the beneficent scope of the Trade Boards Act. A host of such industries await inclusion in the schedule.

The provisional order of 1913 proposed to extend the Trade Boards Act to five new trades: sugar confectionery and food preserving; shirtmaking; hollow-ware (including the making of tin boxes and canisters); the linen and cotton embroidery trade of Ireland, and the calendar and machine-ironing branch of the laundry industry. In all these industries a vast majority of the persons employed are women. Official figures of the Board of Trade show that of the cocoa-, choco-

late-, and sugar-confectionery makers over 40 per cent are earning less than 10s. a week. In the preserved-food, jam, sauce, and pickle trades this percentage is even higher, reaching 44. The need for a trade board in occupations where nearly half the persons employed are receiving a wage admittedly below bare subsistence level is obvious; but in this case one of the strongest arguments in favor of a minimum rate—that of striking variation between the rates of wages paid by firms engaged in the same manufacture—was also present in peculiar force.

Probably the best evidence that can be produced for the successful working of the Trade Boards Act in the four trades first scheduled is to be found in the fact that in respect of the five new trades no opposition was offered to their inclusion by the employers, the launderers only excepted. And although these scored a temporary success, in that the part of the provisional order relating to laundries was dropped for the moment, this passing victory was not due to any discredit of the facts which had led to the action of the Board of Trade in including them, but to a drafting error which inadvertently excluded laundries run by electric power, and so gave steam laundries a legitimate ground of grievance. Mr. John Burns, lately appointed successor of Lord Buxton at the Board of Trade, marked his assumption of new office by at once reintroducing a redrafted version of this portion of last year's provisional order, and its passing into law is now only a matter of time.[1]

Reckoning the additions to the number of persons within the area of its operation at 150,000, over 400,000 workers now come under the Trade Boards Act. The year 1914 has, then, opened hopefully for those who believe that in the extension of trade boards—perhaps with some modifications in the case of special occupations, such as that of the agricultural laborer—lies the best hope of raising the lowest grades of labor to a position in which the workers may gain sufficient security and independence to enter upon the task of themselves improving their position, and of protecting the good employer from the undercutting of unscrupulous rivals. It is not claimed for this or any other method of grappling with the industrial problems, which are more and more absorbing the attention

[1] Note that this was written before the war.—M. K. R.

and the energies of responsible statesmen, that it offers a complete solution of those problems. But in dealing with them from the economic side it takes the first needful step toward their solution. The minimum rate is not the living wage; but it has made the attainment of the living wage even for the poorest and least skilled among those who work with their hands a question of practical politics.

WORKING OF MINIMUM WAGE LAW IN ENGLAND[1]

With reference to your letter on the subject of legislation for a minimum wage, I am directed by the Board of Trade to say that, as the Trade Boards Act has only been in operation for a comparatively short period, they consider that it is as yet too early to express a definite judgment on its indirect and ultimate results.

The board are of opinion, however, that provisional replies, based on the experience so far obtained of the working of the Act, may be given to the question contained in your letter, as follows:

1. The board are not aware of any general tendency among employers to reduce rates to the minimum allowed by law in cases where higher rates have been paid in the past. On the contrary, there is reason to suppose that the better organization of the workers, which has been observed to have taken place in the trades to which the Act has been applied, tends to prevent the legal minimum rate from becoming in fact the maximum.

2. So far as the board are aware, there has been no general dismissal of workers as a result of the fixing of the minimum rate; and even where workers have been dismissed on this account, it has frequently been found that this has been due to misunderstanding of the Act and not to its actual provisions.

3. The board are not aware of any tendency on the part of manufacturers to transfer their businesses to foreign coun-

[1] Statement of G. S. Barnes, Board of Trade, London, England. Published in 4th report of New York Factory Investigating Commission, 1915, p. 827.

tries, or, in cases where lower minimum rates have been fixed for Ireland than for Great Britain, to transfer their businesses from Great Britain to Ireland.

4. There is no evidence in the possession of the board to show that the efficiency of workers has been reduced as a result of the fixing of minimum rates of wages. On the contrary, there are indications that in many cases the efficiency of the workers has been increased. The fixing of minimum rates has also resulted in better organization among the employers and in improvements in the equipment and organization of their factories.

NEGATIVE DISCUSSION

MINIMUM WAGE LAW FOR WOMEN[1]

It was stated the other day in a New York paper that for the past six months an investigation into the question of a minimum wage for women, under the auspices of the State Factory Investigating Commission, had been going on. The nature of the investigation is thus described:

The Factory Commission's investigators, some of them graduates of Vassar, not only worked behind the counters with the regular clerks but lived with the most unfortunate of them, the poorest of them, in their dingy apartments; mixed with their friends after working hours; learned by practical experience how girls making $3, $4, and $5 a week exist; where and how they spend their leisure hours, and what effect small pay has on the morals of the working girls.

These college girls have gone into the slums to get facts and proofs; they have visited the dance halls and the saloons.

These investigators, making sacrifices to learn actual conditions, lived as did the women into whose existence they were so secretly peering.

Facts thus obtained, and reported with accuracy by conscientious and competent observers, are an important part of any inquiry into the minimum wage question. But from the outset two considerations must be borne in mind by all who appreciate the gravity and the scope of the issue involved.

The first relates to the facts themselves. It requires no argument to prove that a woman, paying her way among strangers, cannot live decently in New York on $3 or $4 a week. At what point this does become possible is a question very difficult to determine; and the answer depends not only upon what standard is assumed but also upon the way in which the wages, whatever they are, are used. At a given wage, say $7, there are thousands of girls and women who contrive

[1] Nation. 96: 350-1. April 10, 1913.

to live in some degree of comfort, and thousands of others whose surroundings are squalid and whose life is starved and unwholesome. Nor is it to be forgotten that what is terribly depressing and injurious to a person living in a way foreign to her habits, and greatly inferior to her usual mode of life, may have a wholly different character and effect with those who have been differently brought up. This consideration is important because, in the sympathetic appeal of harrowing tales of privation, even the distinctions which should be made if the statements of facts were taken at their face value are in danger of being forgotten. A case actually made out against the lowest wages to be found is likely to be confused with one made out against any wages lower than those that we all agree would be desirable. It is one thing to decree that starvation wages shall not be permitted; it is quite another to treat all unsatisfactory wages as starvation wages. If it be decided that there shall be a legally established minimum wage, the question whether that minimum shall be strictly a living wage or a wage higher than this, but regarded as necessary for social or other reasons, is not a mere question of detail, but a question of the highest moment, both theoretically and practically. We must keep our minds open on both questions, and we must not confuse the one with the other.

But of far graver importance is the second consideration. If, by a stroke of the pen, a satisfactory wage could be insured to the girls and women who work for a living, without the introduction of any disturbing consequences, approval of a minimum wage law would be almost unanimous. Few would object to such little enhancement of prices of commodities as would result. But we cannot arbitrarily change, in a serious degree, a single important element in a widespread economic situation without profoundly affecting others. Those advocates of the minimum wage who have given real and competent study to the question fully recognize this. Perhaps the foremost of these advocates in this country is Prof. H. R. Seager. In his opinion, a minimum wage law for women would have most far-reaching consequences, vitally affecting the position in life of thousands whom it would crowd out of industrial or commercial employment. Instead of ignoring these consequences, he welcomes them. A few sentences from his paper on the subject may give some idea of his attitude:

The first effects of such a policy would be a more rigid selection of employees from the larger number of applicants for work and a reduction of the working force, since the higher average of ability would enable a smaller number to do the work formerly performed by a larger number. . . . The entry of more girls (girls unable to find employment in shops) with self-respect and a love for independence into domestic service should quicken the process, which is already under way, of freeing such employment of its servile characteristics and elevating it to the dignity of a skilled trade with regular hours and immunity from the petty impositions which have heretofore made it distasteful to ambitious working girls. . . .

It is undoubtedly true that a determination in favor of minimum wage regulation does commit organized society to a more responsible attitude toward the whole labor problem than any American state has yet adopted. For one, I welcome this prospect, and believe that the more serious attention to the questions of unemployment and its remedies of industrial education and vocational guidance, and of provision for indigent widows and orphans, for the superannuated and for defectives, which it must entail, will prove only advantageous.

But no one can say how extensive this disturbance would be, and how perversely it might operate on the very class whom the measure is designed to benefit. A low minimum, indeed, one that would simply bar out the worst cases of hardship, might create only a very slight disturbance of conditions. But any law that greatly increased the pecuniary attractiveness of the shop or the factory might draw out from tens of thousands of homes girls who now find a balance of advantage in remaining at home, and might thus make harder than ever the lot of other thousands who are dependent on their work for their living. And it is a hazardous reliance to suppose that the hardships which these would in the first instance endure might ultimately lead to so radical a reform in the conditions of domestic service as to make this an acceptable substitute for industrial or business employment. As for the removal of those minor props to independence of which so many women—and not widows only, by any means—avail themselves, and the substitution for them of a comprehensive pension system, this prospect, so welcome to Professor Seager, will be looked upon with grave misgivings by multitudes of persons no less humane than he in their desires. But we are not passing judgment on the question. We wish merely to give some intimation, at this incipient stage of the discussion, of the reach of the issues which the proposed policy opens up.

MINIMUM WAGE[1]

Of pending measures of economic reform few appeal so strongly to public feeling as does the minimum-wage act, and perhaps none has a better right to appeal to it. If in every large city thousands of persons must continue to work hard and get less than a living, the fact is an indictment of civilization. The situation certainly calls for some action by the state; and the measure which has been adopted in a few cases, and demanded in many more, consists in legally fixing rates below which wages may not go. How effective is law for this purpose? Can wages be raised by the *fiat* of the state? It certainly cannot conjure into existence a fund of new wealth from which the additional wages can be drawn. Ordering mills, shops, mines, farms, and so forth, to produce more than they do would be like ordering the tide to rise. No one intelligently supposes that the government has an Aladdin's lamp with its magical quality raised to the *n*th power, but there are many who think that it has a supply of talismans which would enable workers to conjure modest sums of money out of employers' pockets into their own. Are they right in this opinion? Whoever will support a law which fixes minimum rates of pay needs first to assure himself that the thing can be done, and be done without causing more hardship than it remedies; but it is more emphatically true that whoever will reject such a law should exhaust the power of study and research before concluding that it cannot be done without causing a balance of harm. The proposal makes for itself a vast *prima facie* claim, in that it promises to end untold hardships and wrongs; and it is safe to say that no one at present can be sure enough that it is not workable to justify him in definitively rejecting it. If it were our own lives and comfort which were at stake, we should sift to the bottom any argument that should claim that nothing could be done for them.

Practical tests of the proposed policy now are in progress in Australia and New Zealand, in England, and in our own State of Massachusetts, and the results of these trials will be carefully watched; but a few things can be asserted in advance as necessarily true. We can be sure, without further testing, that raising the prices of goods will, in the absence of counteracting in-

[1] By John Bates Clark, professor of political economy, Columbia. Atlantic Monthly. 112: 289-97. September, 1913.

fluences, reduce sales; and that, raising the rate of wages will of itself, and in the absence of any new demand for labor, lessen the number of workers employed. The amount of this lessening of the force will vary with the amount of the raising of the rate of pay, and some of the legal minimum rates actually proposed would throw great numbers of persons into idleness. In some quarters rates are demanded which, if actually secured, would have an effect akin to that of a tornado or a Mexican revolution on the business immediately affected.

Enforcing a minimum wage of ten or twelve dollars a week for working women would cause a grand exodus from many industries; and yet even such rates are supported by plausible arguments. That they ought to be paid is asserted without due regard to the question whether or not they can be paid. They have been pronounced 'necessary for decent living,' and it is invidious for well-to-do persons to say that they are not so. The real issue, however, is whether industry can be made to yield these rates. If the demand that they be made obligatory carries with it a confidence that they will actually be paid without further ado, and that few workers or none will be discharged, the expectation is based on a vague trust in the great returns which the business is supposed to yield, and an undue confidence that these can be utilized for the purpose in view.

Now, first of all, certain basic facts concerning wages need to be realized. The rate that can be paid is limited by the specific productivity of labor. The man A must be worth to his employer what he gets, and so must B, C, and D. The total product of the business as a whole is not the basis of the payment, but the part of that total which is due to the presence of particular individuals; and if any person asks more than his own labor yields, he is virtually asking for a ticket of leave, with permission to return only when his demand is reduced or his product increased. Only when his specific product equals his specific pay can he expect to continue in the employment.

Now, there are several reasons why some workers create more wealth than others. Not only do they vary in personal quality, but their employers vary greatly in their capacity to make the most of their laborers' quality, and one may get five dollars a week and another six dollars or seven dollars from the product of workers who are personally on the same plane of productive power. If we look at an industry as a whole, we often see evi-

dences of large profit. Some employers are clearly rich, and it is easy to infer that the industry in its entirety represents a great income, some of which is ground out of the very lives of the workers. There may be thousands of women employed who, with the hardest labor, barely keep soul and body together; and if some of them, under such pressure, barter virtue for food, the business takes the guise of a devil's traffic, the cruelty of which is enhanced by the gains secured by it.

What we need above all things is discrimination. An entire department of business does not stand condemned because of grave evils in some parts of it. If there is cruelty, we must find it where it exists, rather than conclude that it exists everywhere. The gains of the business as a whole do not afford the needed evidence. Of the employers some get large returns, some small ones, and some none; and a certain number are always getting a minus quantity and are on the ragged edge of failure. There is no available way of drawing on the returns of the successful employers to make up a fund to increase the wages paid by the unsuccessful ones. The policy we are discussing does not propose to annul rights of property, and short of doing that we cannot tax the returns of A, B, and C and make over the proceeds to the employees of their rival, D.

In the shops in which they are employed, workers need to produce all that they get in the way of wages, and there are always 'marginal' shops in which they barely do this, since in these the gross returns from the business, over and above what is paid to labor, barely yield enough to make good the wear and tear of machinery, the cost of replacing antiquated appliances, and perhaps interest on borrowed capital. If so, these particular employers are already in a bad way, and a forced increase of wages will send them out of business. If it be a fact, however, that they are already foreordained to fail in any case, it may not do much permanent harm to precipitate the failure. On that point there is not a little to be said, and we must return to it. What is clear at present is that if we do precipitate a failure we shall throw laborers for the time being into idleness.

Again, we cannot tax the product of efficient workers and make over the proceeds to the inefficient. Unless the employees A, B, and C are worth to their employer six dollars a week, we cannot make him pay them that amount, even though D, E, and F are worth seven dollars. The employer who is enjoined from

paying less than seven to any one will do the assorting which his interest impels him to do and will keep those who are personally worth what he has to pay them.

Finally, we cannot make an employer pay to a force that in mere number is large as high wages per capita as he could afford to pay to a smaller force. Here we go a little more deeply into the law of wages. Mere quantity of labor employed in connection with a fixed amount of capital has an effect on its productive power per unit. With one million dollars in capital it is possible to employ nine hundred laborers or one thousand or eleven hundred; but if we make no change in the amount of the capital, the laborers will be worth each a little more when there are only nine hundred of them. The larger force will produce fewer goods per capita than the smaller force, although it produces a larger total output. It would carry us too far afield to prove this particular point; but it is not likely to be denied by many persons who have had practical experience that crowding mills fuller and fuller of laborers would lessen the importance of each one to his employer, and that depleting the force would increase the importance of each of them. If we compel the owner of a factory to pay more than he can pay to his present force, he will reduce it till he can afford to pay the higher rate to the persons who remain.

For all these reasons, a forcible raising of the rate of wages for workers of the lowest grade will lessen the number employed. Some producers who can barely run their factories at present will drop out of the ranks. Some of the workers who produce barely enough to hold their places even under successful employers will drop out. Some establishments that can afford to keep a large number of workers at a certain rate of pay will find it for their interest to keep a somewhat smaller number when the rate is made higher. How great the effect of any one of these influences will be no one can predict with confidence, and it will require not a little experience to take this problem out of the realm of crude guesses; but what can be asserted with entire confidence is that the higher the obligatory rate of pay, the larger will be the number of persons remanded to idleness. A twelve-dollar rate would deplete many shops where a six-dollar rate would have relatively little effect in this direction. A rigorous qualitative assorting of employers, a similar assorting of employees, and the survival of the fit in both cases, are the most

obvious effects of a law which increases in any considerable degree the wages of a class of laborers.

But will not the employers give the required pay and pass the tax at once on to the public? Will they not keep as many workers as ever and simply add the amount of the extra wages to the prices of their goods? Would not this make the community stand the cost of rescuing the class that at present has to bear the worst buffets of civilization—a burden which it may properly be asked to accept? It will not do naïvely to assume that producers can add what they please to their prices. They are now getting all that they can get for the amount of goods that they are putting on the market. If they continue to produce as much as they now do, they cannot get higher prices for it. An added cost will not, in itself, help them to get it. If they raise their prices, they will to some extent reduce their sales; and that will cause them to discharge some workers—which is the point we are studying. Raising prices will cause some discharges.

What is probable, even as the result of a more modest legal increase of pay, is as follows: Of the lowest grade of workers some would be promoted to a higher rank and some would be discharged. The output of the business would be reduced, and that would make it possible to raise the prices of its products, and thus pay the legal wages to all the workers remaining in the industry. Discharging some of them is the condition of getting the advance in prices and so retaining the others.

Will automatic changes relieve this evil? In a paper recently read before the Social Science Association, Professor H. R. Seager mentions movements which tend in this direction. The law which ends the "sweating" of home laborers may give a stimulus to factory labor and select the more capable of the discharged workers for transfer to that sphere. In the course of the transfer some workers may change their residence to better localities than the tenement districts. It is not claimed that these influences will relieve those who are unable to make the transfers, or that they will act promptly enough to give immediate relief to any class.

The transfer from homes to factories and from the poorer factories to the better ones is, indeed, the chief means which, in the future, may be counted on for gradually raising the general level of pay. Many factories are now so efficient as to afford higher wages than home labor and still compete successfully with

it. And as time goes on they are destined to become more and more efficient, since it is in them that the influences which make industry progressive or, as the term is, "dynamic," operate most effectively. If the discharged workers were in a position to wait for such changes they might have their recompense for suffering in the interim; but asking them to rely on this is asking that they satisfy the hunger of the present with the bread of the future; and the state that, with its eyes open to what it is doing, puts them in that position incurs a clear obligation to care for them while they are thus helpless.

Mere need and helplessness give citizens a certain valid claim on the state, even though it has done nothing to cause their troubles. Privation that is traceable to social defects makes a more cogent claim. This, in fact, is the basis of the demand for minimum wage laws, since the ill-paid workers are regarded as victims of social arrangements. Curing the evil, however, by laws that throw any class into idleness is causing suffering by a direct and purposeful act; and this suffering is more intense, though probably less widespread, than that which it cures. If five dollars a week means privation for thousands, nothing per week would mean quick starvation for hundreds; and this might result from too radical a change of the minimum wage. If five dollars a week forces persons into vice, no wages at all would do it more surely and quickly; and here is a further claim upon the state which no one can for a moment question. Emergency relief needs to accompany the minimum-wage law, and effective measures for it must be ready to act the moment the law is passed. It will not do to discharge the workers and then debate the question as to how best to give them work. Moreover, such employment as we furnish should be such as self-respecting persons may properly accept.

The amount of emergency relief which will be needed will vary with the extent of the rise in pay which the law requires. If the statute does nothing more than correct the harsh action of competition and establish a rate corresponding with the existing productive power of labor, it may be that not more persons will be thrown into idleness than the present agencies of relief can be made to care for. Even that implies some stimulating of these agencies to do more rapid and effective work, and a law which should go far enough to make the required rate materially higher would demand a new and elaborate system of relief. Are we ready to establish it? If not, we are not justified in enacting the

law that would require it. Moreover, although we might invent a system or borrow it from a foreign country, the question would arise whether we could introduce it without encountering strong opposition. Emergency employment has never been easy to provide. Keeping prisoners at work has often been difficult, and during a recent period of business depression committees which met to devise measures of relief for idle workers found every proposal thwarted by some interest, and they ended by doing practically nothing.

Can we avoid this fate and so be justified in causing unemployment by our own action? A benevolent despot might conceivably do it. It looks much as though the democratic government could not do it without devising a system which would depart from all American precedents. The conditions call for something which, besides being very thoroughgoing, will be free from the objections which organized labor has offered to proposals heretofore made.

The situation, then, is briefly this: Minimum wage laws are urgently demanded. If they greatly raise the present minimum, they will throw workers out of employment and make it far more difficult than it now is for them to find new places under private employers. Without efficient relief in readiness the measure would amount to starving some of the workers in order to avoid half-starving the remainder. The relief system will need to be more extensive than any which has ever been undertaken, and will need either to avoid or to overcome the opposition which has defeated efforts of this kind during business depressions.

What are some of the qualities which the system of emergency employment must have? First, it must provide a living that is at least as good as that which is afforded by the worst wages now offering. Secondly, it must not offer attraction enough to lure workers from private employment. If the positions furnished by the state are better than those furnished by private employers and yielding the new minimum rate, the relief bureau is likely to be swamped by throngs of applicants. Thirdly, it must not make products which would be sold in the market in a way that would afford a basis for the accusation that wards of the state are competing with independent labor and reducing its pay. To meet these three conditions will involve a bold departure from plans which, in America, have thus far been tried.

MINIMUM WAGES FOR WOMEN[1]

In the following pages I shall endeavor to consider the legislative measures for regulating women's wages in the light of some generally accepted economic principles. At the very outset let it be noted that the problem is in essential respects different for women's wages from what it is for men's wages. About minimum wages for men nothing will here be said. And as regards women, the wages of the lowest group only need be considered at this stage of American discussion and legislation. A wider application of the minimum wages principle is of course possible—to the establishment of a series of minima for men and for women, and varying for the several grades of labor. But it is to a single minimum, designed to be effective for the lowest-paid grade of women's labor only, that legislation is directed in the United States; and the present paper will be restricted to this sort of regulation.

The broad facts are sufficiently known. They have been admirably set forth in compact form by Professor C. E. Persons in an article recently published in these columns. Let me summarily recapitulate them. The number of women and girls employed in factories and shops is growing fast. It is growing particularly fast in the occupations classed by the census under the head of "trade and transportation," among which shops hold the first place for women. Both in the factories and shops the great majority of the women are young. Of all the women employed, at least half are between the ages of sixteen and twenty-five; among those who work in factories and shops, the proportion of young women is even greater. It follows that they are a shifting class, industrial birds of passage. One set enters the shops and factories and remains there a year or two, at most a few years. Its members marry, and are succeeded by a new set. Though there are some older women in the group here under review—the lowest-paid group—it is made up chiefly of the young. And from their youth and the temporary nature of their work it follows that in the main they are unskilled or inexperienced; or, if skilled and experienced, only in such tasks as can be easily learned.

[1] By F. W. Taussig, professor of political economy, Harvard. Quarterly Journal of Economics. 30: 411-42. May, 1916.

Again, the majority of these girls and women live at home. They are ordinarily members of a family group which makes common cause in domestic life. As Professor Persons sums up the outcome of his wide-ranging research: "It boots little to multiply illustrations. . . . The typical female workers are the 80 per cent living at home and contributing the larger part of their earnings to the family treasury. Twenty per cent of the girls at most are independent workers."

Finally, current wages are low, and are usually less than is reckoned necessary for the support of a woman living alone. As a rough generalization, it may be said that the wages of the young women who constitute the bulk of those employed in factories and shops range about $6 a week. Investigations by various commissions led to the conclusion that the minimum on which a woman dependent on herself can meet "the necessary cost of proper living" (some such phrase appears in the various statutes) is at the least $8 a week. The usual wages of the great majority of women employed are less than this minimum.

Here is presented the first general question: Are not the industries which employ these women to be deemed "parasitic"? Is it not clear that the women who receive but $6 a week, and need $8 for self-support, must have the difference made up somehow? The industries which employ them seem not to pay their way, and the consumers who buy the products do not recoup the full expenses of production. Is not the difference necessarily made up from some other source—by parents, by charities, perhaps by prostitution? This, as is familiar enough, is the ground most frequently urged for fixing minimum wages for women. Such legislation, it is maintained, recognizes an undeniable fact; it puts an end to a clear case of economic parasitism.

This version of the case has been stated so frequently and by such careful thinkers, and has been so little questioned—not directly questioned at all, so far as I know—that one must hesitate to take issue with it. And yet it seems more than questionable. It is not clear beyond peradventure that the case is one of parasitic industries; nor must the minimum needed for the support of the independent woman necessarily serve as the basis for legislative regulation.

By a "parasitic" industry is meant, I take it, one which

necessarily entails some aid and payment from an extraneous source. The typical cases are those of industries employing adults which receive literally less than the bare physical minimum of subsistence. Such cases have been brought to our attention by Mr. Rowntree and others, in inquiries on the wages of British laborers of the lowest grade. Similar cases are to be found on the Continent, especially when the handicraft labor of former days is in process of being displaced by machine industry, the handicraftsman clinging desperately and hopelessly to the ancient ways. Directly or indirectly the deficiency below the minimum of subsistence has to be made up from some source or other: through public or private charity, through higher taxes or larger doles. The consumer does not pay enough to support the poor creatures, and the general public, since it will not suffer them to starve, must in some way or other make up the difference.

It is not necessary here to consider the question in its larger aspects. The phrase, invented by the Webbs, is in danger of being overworked. The extent of strict parasitism is probably exaggerated. The human frame can endure most wretched conditions; the race can propagate and maintain its numbers on very low terms. Wages that we figure to be below the barest minimum prove not to be so. Reference to parasitic trades occasionally gives an appearance of calculating economy and of cool rationality to proposals which really rest on something better and are to be justified on higher grounds—sympathy with suffering and a will to put an end to it. But this is by the way: let it be assumed that there are in fact parasitic occupations in the sense indicated. Are the low wages of factory and shop women in this class?

The grounds on which they are supposed to be parasitic have been stated often enough. Those who live alone, away from home or without any home, do not get enough for support, if they receive only such wages as the majority get. This "if" is to be noted; for it is quite possible that the independent women, a minority of the whole, are usually in the better-paid positions, and are in the main identical with the minority who receive as much as the minimum for independent living. But of this more in another connection. As regards the majority, who live at home, we are told that their case is in no essential different from what it would be if

they lived independently. They do not get enough to support themselves. The difference between what they earn and what is needed for their support is made up by other members of the family, usually by their parents.

The figures on which these statements rest are such as to arouse suspicion on their face. The minimum of subsistence is put at some such figure as $8. This, it is reckoned, the young woman *must* have, even though she lives at home. Now, it seems clear that her mother needs no less: the mother must have as much as the daughter for food, clothing, shelter, incidentals. And the father surely needs quite as much. For the three, then, we have $24 a week as the minimum of subsistence. If the family consists of more than three, a still larger sum is the minimum. But any such figure is surely untenable, regarded as indicating what is absolutely needed for "decent subsistence." An income of $24 a week means, for a working-class family, not only ample subsistence but envied comfort. To say that the girl who is a member of such a family must have $8 a week for bare subsistence is tantamount to saying that the family needs at least $24 a week, whereas this sum is obviously much above the most liberally calculated minimum. An income of $15 a week has been set down in recent discussions as the sufficient minimum for the decent support of a family consisting of father, mother and three children under fourteen. This is a larger sum than is ordinarily got by the unskilled laborer or factory worker. An income of $600 a year, or $12 a week, is in fact as much as such a family can count on. But let the higher sum be taken for the purpose of the present simple reasoning. The family may be regarded as the equivalent of at least three adults —the three young children being counted as one adult. This means $5 per adult. How can it be said, then, that the irreducible minimum for any *one* adult is as much as $8?

Consider the situation from another point of view. Suppose that into the budget of a family whose head earns $12 or $15 a week, a girl brings an additional $6. In a working-class family the difference between $12 and $18 a week is great; it is the difference between having hardly any margin at all and something like ease. It means that the family is well above the poverty line. Is the girl who brings in $6 a parasite? Is she a drag or a prop? Or suppose that the young woman who has

been bringing home $6 a week drops from the family—dies or marries. The specific expenses entailed by her presence cease; her specific contribution to the family income also ceases. Is the family better off or worse? Neither parent would hesitate for a moment from answering that the family has lost, not gained. Can it be maintained that the young woman is a parasite?

The view that any wages for women below the sum usually figured as necessary for sole support—$8 a week or thereabouts—are "parasitic," seems to me misleading as regards the home-dwellers; that is, as regards the overwhelming majority, the dominant constituency. It is possible that even as regards the minority of lone and self-dependent women the current calculations are somewhat more liberal than is consistent with a strict minimum, or with the standards and ways of the class from which most women workers are recruited. Persons habituated to higher standards find it difficult to realize how bare are the absolute needs of those at the bottom; and the reckoning of a minimum of decent subsistence, when made by the more prosperous, may easily bring the total above the sum which the poor in fact find the minimum. But it is not chiefly on this score that the usual figures of minimum subsistence are to be corrected, or reinterpreted; this correction—if there be any—might not be serious. The main cause of the obvious discrepancy between the minimum supposed to be applicable to all (home-dwellers included) and the smaller sum which in fact these home-dwellers and their families find a source of positive aid, is to be found in another direction. The calculation ignores the economy of family life. Three or five members of a family can subsist on an income which would not suffice if each were to lodge and feed separately. The family is the one permanently successful case of expense-reducing cooperation. The girl who earns $6 a week and brings home that sum as a contribution to the family earnings adds to the joint resources more than she adds to the joint expenses.

It is best, therefore, to set aside the explanation of woman's wages from "parasitism," and to consider the situation without regard to the implications of this phrase. That situation, as analyzed in the preceding paragraphs, suggests a different and more tenable line of explanation for the meager wages of these girls and women. The circumstance that they live

at home contributes immensely to swell the *numbers* offering themselves in the labor market and affects immensely the wages which they get; and it also affects the industrial quality of their work. Here we have what is, from the point of view of economic theory, the crux of the situation.

There is, I suppose, no proposition so universally accepted in economics as that the remuneration of persons in any labor-group depends directly on the numbers in that group. It is greater if the numbers are small, less if they are large. We usually try to state the causal connection with more precision by saying that the reward in any group depends on marginal desirability, or marginal serviceability, or marginal productivity. Often we use the general phrase marginal utility, applying the same terminology as in the theory of value at large. Since labor in the last analysis yields simply "services" or "desirabilities" or "gratifications," just as material commodities do, the same principle holds. Often, too, stress is laid on marginal "productivity"; and the working of marginal productivity is said to be the same for labor of any particular kind as it is for labor at large or for the general rate of wages. On this last mentioned point I am disposed to make reservations. If there is a determination of the general or average rate of wages by the marginal productivity of labor as compared with that of capital, it is different in its mode of operation from the determination of the wages of a given class of labor by the marginal contribution of the class. But there is no need, for the purposes of the present discussion, to consider whether this method of reasoning admits of sweeping application. It suffices that the influence of an addition to the supply of a particular commodity or a particular kind of labor is agreed to be the same. As the total supply increases the successive increments become less prized, the price at which they can be disposed of falls, and thus the price of each unit of the supply falls. The business world calls this the operation of "the law of supply and demand," or the determination of the price of a thing by what it is "worth in the market." And it is a part of the same doctrine, of course, that the marginal price is that at which the entire supply can be disposed of. Fix a higher price, and all can not be sold; some units of supply not salable at the higher price will be pressed on the

market, and will cause the price to fall. The marginal price alone clears the market.

Now the general economic presumption is that when a given price has come to rule in a market, it is the price fixed by the conditions of that market. If the wages of a particular kind of labor are low, as in the case of unskilled men, the explanation presumably is that there are many of them and the marginal desirability of their labor is small. If the wages of unskilled women are even lower, presumably it is because the marginal desirability of their labor is still smaller. Economists have speculated what consequences would ensue if ordinary muscular labor were scarce—if only a select few could handle the pick and the shovel and the plow; how much their labor would be desired and how high would be their wages! And we might similarly make the hypothesis that but few women were in the labor market; then, doubtless, it would appear that there were some tasks for which they were peculiarly fitted and peculiarly desirable; and the wages of the limited number would be comparatively high.

The number of women who offer their services in the market for the particular kind of labor we are here considering is large. Between the time when schooling ceases and the time when marriage ordinarily takes place there is a gap of some years. It may be disputable whether it is best that the women in this stage should so preponderantly seek work—on this I shall say more presently. But seek it they do. They are not only numerous, they are also inexperienced; they offer unskilled labor; the marginal serviceability of their labor is low; and therefore their wages are low. *Prima facie* the explanation of their low wages is not in parasitism or in oppression, but in a simple economic situation. Whether it is unjust that their wages should be low raises quite a different question, precisely as the question of justice in regard to the going rates for unskilled men's labor is different from that of its economic explanation.

It seems to follow, further, that to set a rate of wages higher than the going market rate, will not accomplish the object in view, or at least the main object desired—namely, to bring up to the minimum *all* now employed at the lower rate. At higher wages not so many can find employment. And while

the number demanded at these wages will be less, the number seeking employment is likely to be greater. Professor Persons has remarked that a certain number of women who are not now tempted to offer their services in the market will be tempted by the better pay. With less numbers demanded and larger numbers offering, there will be a selection of the more desirable, a rejection of the less desirable, non-employment for a certain proportion. How large the proportion of unemployed will be must depend on the conformation of the demand schedule; but unemployed there will be, and hence failure to accomplish the desired object. Such seems to be the first and simplest application of economic theory to the case.

At this point it will be appropriate to consider another turn which the discussion often takes; one which also is supposed to point to the conclusion that the advance of all women's wages to the proposed minimum will be inconsequential, or at least will have no consequences outside the particular industry or industries. It will simply lead, we are told, to greater efficiency. Sometimes it is said that the employers will mend their ways and improve their processes; sometimes that the women themselves will become more efficient. Are there grounds of general reasoning or general experience for expecting results such as these?

The effect of legislative pressure (or other pressure) in inducing employers to adopt more efficient processes has been insisted on in various directions. A conspicuous recent illustration in this country is the contention that railways can meet heavy expenses or make up for low rates by bettering their transportation methods. Protected manufacturers, again, are often told that they can meet more severe foreign competition, resulting from lower tariff duties, by improving their processes or by better management. And so as regards minimum wages, whether for men or for women. Now in all these matters the presumption seems to be against the fulfillment of the optimistic expectations. Improvements in the arts come from the most various sources and in the most various ways. All sorts of possibilities are constantly being pressed on industrial managers. The inducement to secure an increase of profit or a lessening of loss is always keen—as keen, it would seem, as the range of intelligence and enterprise in the managing classes makes possible.

It is not to be denied that improvements are sometimes introduced under conditions of stress. The question is not whether this sometimes happens, but whether it usually and normally happens—whether there is a distinct tendency that heavier burdens will be more easily borne because of the concomitant development of greater strength. The proposition seems to me highly disputable. Perhaps there is a tendency to put into effect in hard times improvements *already known,* but neglected in the days of abundant profits. On the other hand, *the* stimulus to invention and progress is the prospect of making money and the sight of others making money. This is the case above all for those improvements in plant and machinery, involving heavy investment, which have been the most effective among the causes of material advancement. The problem is one of wide range; it raises far-reaching questions about the psychology of money-making and of invention; but surely it is the bait of profit rather than the threat of loss which has been the great motive factor in bringing about better plant, new machinery, more effective organization, increase in the productivity of industry.

A somewhat different contention on this score is that the employees themselves will become more efficient because of higher wages—stronger physically, more alert, perhaps more intelligent. Will this really occur? Needless to say, we must bear in mind here also the general situation, not individual cases. If a single factory or shop raises wages above the usual rate, it is likely to get the pick of the labor supply, and may find that the higher wages are so much offset by better work that they cause no loss, indeed prove to be a source of added gains. But *all* factories and shops cannot do this unless *all* employees become more efficient by virtue of getting higher pay. To say as much as this is to hold the steam-engine theory of wages—to maintain that just as more power is got by putting more fuel under the boiler, more labor power is got by putting more wages into human beings. Among theorists, the late Francis A. Walker was the first conspicuous proponent of the doctrine, which since his day has appeared sporadically in recent economic discussion. This much of truth there seems to be in it: better feeding sometimes causes men and women to be physically more robust; better training causes them to be more intelligent—if the training be really better; better conditions may cause them to be more alert and ambitious. These good effects *may* come from higher

wages. Just how they come and how soon, and under what conditions, and with what certainty, cannot be said with any assurance. There is a complex of causes, a series of interactions, a difference between short-time and long-time effects. Much depends on the elimination of that portion among the workers—perhaps no small portion—who by nature or environment are incapable of responding to uplifting influences. Much depends on the intelligence with which the influences are guided—on the use of food and drink that are really nutritious, on education that is really helpful, on social conditions which in fact arouse alertness. As a general proposition, it would probably be nearest the truth to say that higher wages are ordinarily not the cause of greater effectiveness in industry, but its result; while yet it is true that under favoring conditions higher wages may also be *one* among causes of slowly developing effectiveness. The influence of better pay on efficiency is neither certain nor calculable; still less is it immediate.

In the main, we must face the probability that higher minimum wages for all the women affected will lead to readjustments extending beyond the industries themselves. They are not likely to be absorbed in the profits of employers simply because they constitute only one among the expenses of production. Neither are they likely to be offset by an increase in efficiency, certainly not by a corresponding and calculable increase. They seem likely to lead either to lessened profits or to higher prices of goods. Either consequence leads, again, to some curtailment in the scale of operations or some employment of others to take the place of the women. Optimism about its making no difference after all should not blind us to these probabilities.

There is not, so far as I know, any body of evidence to show that profits in all or most of the industries which employ a considerable proportion of women are unusually high. It is often enough contended, indeed, that the profits are such that the proposed increase in wages can be afforded, or would make little difference. But this is not the same as to say that the existing scale leads in the majority of cases to profits exceptionally high.

It is probable that exceptional gains from low wages of women do come under some circumstances; for instance, when an industry first betakes itself to a district where this sort of unskilled labor is abundant. Thus silk mills, in which light machinery almost automatic in operation has been introduced of

late years, have moved to the anthracite district of Pennsylvania, and have employed with profit the grown and half-grown children of the miners. Candy-makers have similarly planted themselves in the heart of city factory districts. Those who took the first steps in such utilization of labor supplies very likely "exploited" them also; paid low wages and made high profits. Like other changes in the localization of industry, they would feel the leveling influences of competition only after the lapse of a considerable time. Yet transitional conditions of this sort are not the typical ones. Women's low wages are found for long periods in all sorts of places and in all sorts of industries; in cities and in regions where they have been employed for generations, in old industries as well as new. There is no evidence indicating that unusual profits have been reaped thereby over a wide range of industries. So far as this sort of evidence goes, there is little to suggest that the low wages have been caused merely by bullying.

The fundamental cause, we are forced to believe, is in the *numbers* of those seeking employment. And these numbers are part of the mass of unskilled workers whose pressure for employment so profoundly influences our industrial and social conditions in every direction. The low wages of factory women are indissolubly associated with the problems of immigration. The constant recruiting of the rank and file of unskilled workers by the inflowing army of immigrants keeps wages in this bottom range peculiarly low in the United States. The wages are higher than for the same class in the countries whence the immigrants come, they are low relatively to the general American scale of income and prosperity. It has often been remarked that the gap between the wages of skilled and unskilled labor is, in the United States, greater than elsewhere—greater than in old countries like England and Germany, greater than in Australia, a new country whose conditions are not unlike our own. Relatively, the American day laborer and factory hand is not so well paid as the skilled mechanic or the farmer. And the explanation is that the continued immigration of vast numbers has kept the bottom wages group full and overfull. I will not undertake here to consider whether the average rate for all American laborers of every kind (including farmers) has been lowered or raised in consequence of immigration—whether the total national dividend per worker has become smaller or larger. That difficult ques-

tion, as I noted at the outset, has been argued by the economists as sparingly as other general questions on which theory might be expected to facilitate the answer. But as regards the wages of the particular class here under discussion—the ordinary unskilled manual workmen—the influence of immigration seems beyond dispute. Every one knows that throughout the manufacturing and urban districts most of these are immigrants, and the rest mainly the children of immigrants; and that the immigrant population sets the wage standards for the entire group. It is their large numbers and the constant recruiting of their numbers that cause wages to be as low as they are.

And it is their daughters who constitute the great army of women workers competing for employment in factories and shops. The wages which the parents get attract them in great numbers to the United States; the wages which the young women get attract them in great numbers to the shops and factories. The multitude which thus bids for employment in the entire field brings about current rates of remuneration which serve on the whole to "clear the market." Rates distinctly higher would cause more applicants to offer their services, and would cause less to be employed. The economic theory of the case is simple: the only effective remedy for the low wages of a particular class of workers is a decline in the numbers offering themselves for the particular sort of employment.

In the preceding pages attention has been given chiefly to the case of the women who live at home and are members of a family group—the great majority. What of the minority, one-quarter or one-fifth of the total, who do not have the advantage of family life and family cooperation, who must make their own budget?

Information about the condition of these self-dependent women is not as full as could be wished. It seems probable, however, that not many of them are in the lowest-paid group. Their wages appear to be usually above the lowest rates, and above the average. The women who must make their way alone are in the main identical with the minority who get the better rates of pay and earn enough for independent living. This result is indeed to be expected. The stress of need leads to more sustained exertion, more professional exertion, so to speak. In the opinion of well-informed and sympathetic observers, there is no good ground for the impression that it is prostitution which serves to eke out the receipts of the single woman. The connec-

tion of prostitution with low earnings is undeniable and indeed obvious; but the connection runs through the entire stratum of the poor, and is not especially noticeable in the case of the women quite dependent on their own exertions. These seem usually to earn enough to get along, and are no more likely to sell themselves than other women of similar antecedents and environment.

But, when all is said, the lot of the lone woman is hard. Among them there must be no small number of individuals whose case is pitiable. Their situation, like that of the women who have to support other dependents, brings out sharply and sadly the conflict between the two opposing principles of justice in distribution—the principle of need and that of efficiency. Our system of private property and competitive wages and prices bases earnings on the latter principle: to each according to his contribution. The insistent altruistic sentiment, the feeling of the larger self, rebels recurrently against the rigor of the established rule, and would mitigate it or replace it by the other: to each according to his needs. So it is as regards the lone woman, the widow who has children to support, the older or younger woman who is the sole prop of a forlorn family. The need is great, even tho efficiency be slight.

Unfortunately, a prescription of minimum wages on the basis of "proper" independent support—the elimination of what is called parasitism—would not be specially effective in helping *these* women. They might or might not be among those retained in work, might or might not be among those left unemployed. I cannot but believe that for them we must turn to other measures, both palliative and curative. For the younger women, beyond question we need helpful education and helpful extension of the period of training. To them, also, charity can be extended, particularly in the provision of decent lodging at prices within their means. Among their problems, that of proper housing seems to be quite the most serious—morally, as well as for mere shelter and space. I can see no better opportunity for the sympathetic spirit than in well-devised accommodations for this special class. For the older women, widows' pensions, dependents' pensions, infirmity insurance—the various forms of wide provision by public authority for unavoidable calamities—loom up among the desiderata of the future. The feasibility of all such legislation depends on the perfecting of political and administra-

tive machinery; a most urgent task, difficult to achieve, inextricably bound up with all the defects of democracy, deserving the attention and the devotion of the social reformer.

The preceding discussion seems to justify a warning that there is need of going slow in the regulation of women's wages. More particularly there is need of caution in applying, as the standard for determining all wages, the amount needed by the independent women. The "parasitic" interpretation of the situation is unwarranted. The women workers are not a drain on their families, or on other industries, or on the community at large. It is precisely at this point that the campaign now being carried on in the United States is vulnerable. I cannot but believe that an attempt to apply on a sweeping scale the principle of abolishing "parasitism" must before long break down in practice. The real question is not whether the young women fail to contribute anything to their families or to the national dividend—they do contribute—but how their contribution can be made larger and how they can secure a larger share of the national dividend. The plain facts of the situation must be faced. The immense majority of women who work in factories and like employments do *not* need as a minimum any such wages as the commissions now at work are asked to prescribe. To prohibit their employment except on this basis—to require that every woman at work should receive some such sum as $8 a week would not bring about the employment of all at any such rate, but a reduction of the number employed and a failure to attain the desired end.

WAGES AND PRODUCING POWER[1]

The hysterical agitation for a minimum wage (to-day urged chiefly for women) has in it no conception of a relation between wages and producing power. It is unsound for several reasons which touch the very interests of the laborers themselves.

It introduces a new and unjustifiable basis of wages—that wages shall be paid on the basis of what it costs the recipient to live. If it is urged, for instance, that a woman cannot live on

[1] From "Monopoly of Labor," by J. Laurence Laughlin, head of Department of Political Economy, Chicago University. Atlantic Monthly. 112: 444-53. October, 1913.

$5 a week, but can live on $8 and hence her minimum wage should be $8, the whole case has not been considered. If we accept—what we should not accept—the principle that wages should be related to the cost of living, and if it is accepted that the woman could live on $8 a week, on what grounds should she ever receive more than $8 a week? On what grounds could any one get $18 a week? At present $18 is paid on the ground that it is earned, that is, on the basis of a relation between wages and producing power. No other basis can stand for a moment in the actual work of industry. Men go into business to gain profit; if, in their opinion, the employee is not worth $8 a week, she will not be retained, no matter what it costs to live. If she is worth to the business $18 that will be the wage. No law can force any one to remain in a business that does not pay.

The theory of a minimum wage based on the cost of living is flatly inconsistent with the facts of daily life and preparation for any occupation. At what age or point is a beginner, or apprentice, to receive the full legal wage? Is no boy, or apprentice, to be allowed to receive a partial reward till he is a full-fledged adult workman? How about the woman, who, in the economic rôle of domestic labor, knits stockings in odd hours in order to add a little to the family income—shall she receive nothing if not the full legal wage? Shall the boy, or even a young lawyer just entering an office, be forbidden to receive the small stipend of the preparatory period?

Suppose it were required by law to pay shop-girls $8 a week instead of $5, on the ground that the insufficient $5 leads to vice; then, since no ordinary business would pay $8 unless it were earned, those who did not earn $8 would inevitably be dropped from employment without even the help of $5 to save them. If $5 is no protection from vice, how much less is no wages at all? This proposal of a minimum wage is directly opposed in practice to the very self-interest of the girls themselves.

It is crass to try to remedy wages which are admittedly too low by fixing a legal minimum wage, which can never be enforced unless private business establishments are to be regarded as state institutions. In a state factory wages may possibly be determined by law, but not in open competitive business conditions, where the supply of labor has as much influence on wages as the demand. If the supply of women wage-earners converges on

only certain kinds of work, wages will be lowered by the very large supply of the workers. There is no exit by this door of legal enactment at to the amount of wages.

The true and immediate remedy is the creation of ready means by which the industrial capacity of the wage-earning women will be increased. The wrong situation—of which low wages, possible starvation, and the temptation to vice are only symptoms—is due primarily to the fact that women thrown on their own resources know no trade and crowd each other in the market for unskilled labor. The remedy lies in the creation of places of instruction where any woman (no matter how poor) shall be taught a trade and have skill given her by which she can obtain a living wage. The remedy lies in preventing a congestion of unskilled feminine labor by industrial education. There is no other rational or permanent or human way out of the present wretched situation, if we have the real interest of the workers at heart—and are not interested chiefly in getting some cheap political notoriety.

This conclusion applies to men as well as to women. Is not a skilled carpenter worth more than a blunderer? In any business, does not every one agree that it is fair to give a very energetic, live, active, skillful salesman more than a stupid? If he is skilled he earns more, because he brings in more business. That being settled, we do not fix his wages on what it costs him to live. He has a right to spend his income as he pleases. Hence, if we were to adopt the theory of the minimum wage we should be adopting a new theory of wages, which would justify the refusal to pay higher wages based on efficiency.

The only real permanent aid to low wages is to increase the productivity and skill of the persons at the bottom. Instead of talking of such injurious palliatives as minimum wages, create institutions at once where those persons can be given a trade or training for a gainful occupation. The cry for a minimum wage is evidence of the industrial incapacity, the lack of producing power, in the masses of our people.

WHAT THE MINIMUM WAGE MEANS TO WORKERS[1]

That bread-winners' wages should ever fall below a living standard is a serious evil that cries for remedy. But to provide a remedy by direct legislative prohibition would, I believe, be a mistake. Such a method would be productive of greater evils than those it aimed to cure; and would postpone other remedies, wholly beneficial in their operation, that could in the long run be made effective.

I assume the practicability of enforcing a minimum wage. I believe that, as a matter of fact, it is practicable, as indeed most things are if we really want them. We have not yet realized the power of a public will that means business, because we have hardly yet had experience of it in social matters. But I also believe that other, indirect methods can accomplish more, in the way of raising wages, than we have yet learned even to aim at.

Two Effects of Proposed Law

The people directly affected by minimum wage legislation fall into two classes: those who would still be employed at the enforced minimum and those who would be permanently or temporarily thrown out.

Some of these would benefit by being stimulated either to change their occupation and secure a better market for the abilities they already possess or, through study and exertion, to increase their ability or bring it more effectively to bear. Parents also, and the community itself, would be stimulated to give these a better preparation for practical life. I saw the other day an editorial in a New York newspaper opposing the minimum wage and saying that it would result in just this sort of thing. The argument seems to me wholly in favor of the measure, not against it.

The remainder of those thrown out of their occupations—the residue, who did not respond by additional exertion or by better training—would become impoverished and probably, in large proportion, dependent upon public or private charity.

To these the evil would be a double one. In losing their paid work they would be deprived of what is to most people

[1] By Joseph Lee, social worker. Survey. 31: 156-7. November 8, 1913.

the greatest source of life and health. Huxley said: "The sense of being useless in the world is the greatest shock the human system can receive." To take from a young person of suitable working age his only present opportunity of making good as a self-supporting citizen is to deprive him of by far his best chance of moral and industrial development. To take from the old the little work they are still able to perform is in most cases cruel. To reduce the crippled or partially disabled to a state of entire uselessness is often to deprive them of their last hope. The employment, not the enforced idleness, of the incompetent is the secret of life to them, often of their development or restoration, and is a sacred duty of society. It is true, I believe, that most of the minimum wage laws proposed have made exceptions in recognition of this fact. But it will prove very difficult to draw the line. If the exceptions went far enough to fully meet the evil, they would cover the cases of all those who did not receive the minimum wage decided on, so that nobody would be thrown out of work. The law would in that case be simply a law to cure the injustices of imperfect competition.

But, besides taking away the greatest chance of growth and self-respect, the law would often result in active degradation by the substitution of public or private charity for self-support. For public relief is pauperization. The question is not of words but of things. Money paid by the public to any class of people —whether they are widows or orphans or those legislated out of their chance to work by a minimum wage law—not in return for services rendered but in recognition of a need for physical support, is in fact public relief, under whatever name it may be administered. To take from a set of people their opportunity to make a living for themselves and to give them a public subsidy in its place is to force them with both hands into pauperism.

Thus in its dealing with those whom it would deprive of their employment the minimum wage law seems somewhat drastic. The benefits derived by those who would be stimulated by it to make good are simply the ordinary by-products of misfortune. A business depression, for instance, would in the end produce similar effects. Sweet are the uses of adversity, at least to those who are strong enough to take advantage of it. It is probable that the total effect of the Titanic disaster will

be to save lives at sea, as the cholera has doubtless saved many on land by scaring our cities into cleanliness. The question is whether the same stimulus to increased endeavor could not be furnished at a smaller cost, whether ambition in the underpaid cannot be awakened by a jolt of a less disagreeable nature than that of legislating them out of their daily work. If you threw these same people into the water, a fairly large proportion of them would doubtless derive the benefit of learning how to swim; but against the benefit to these should be set the inconvenience to others who were drowned. Such a method seems in these humanitarian days rather grim. One would prefer if possible to reach the same result by milder means.

The other class of people directly affected by the law would be those, not previously receiving the minimum fixed upon, who continued to hold their jobs at the higher rate—those whose wages would be raised by it.

These would receive an advantage in the increased support. Whether this class would, on the whole, be stimulated to increased endeavor or whether their motive for exertion would be relaxed seems a question difficult to answer on general principles, one which will, perhaps, remain equally difficult even after much experience is obtained. On the one hand they would seem to suffer a decrease of stimulus toward improvement precisely parallel to the increased stimulus felt by those thrown out of work. If one man will work harder because of the loss of employment, it would seem that another might work less hard because he had kept his employment at an increased rate of pay. So far as the motive for exertion came from the experience of actual want, a decrease in the motive would seem to result from a decrease in the degree of want. On the other hand, however, there would be the fact that those who thus held their positions at higher wages would be a select class. They would be such as could prove themselves upon a competitive basis better worth employing.

Furthermore, there would be a stimulus to the employer who had to pay higher wages to select those who could really earn the higher wages, and also to improve the efficiency of those selected and the efficiency of his own methods in order to avoid loss. There is testimony from Australia and elsewhere that the result has upon the whole been an increase of efficiency on the part of those retained under the minimum wage.

Indirect Consequences

Perhaps more important than either of the classes directly affected by minimum wage legislation would be those upon whom the effect of this legislation would be indirect.

The higher wages for unskilled work would increase the attraction of America for the poorer classes of Europe, and of our cities for young people from country homes. For it is the bigness of the prize more than the chance of attaining it that makes a lottery attractive. This increased influx would tend to lower the general rate of wages in the city toward the fixed minimum and to swell our pauper class.

It will discourage self-support. If the law went further than merely to correct the evils of imperfect competition, those recipients of a minimum wage who could not have commanded the same wages in open market, under fair competitive conditions, would be in receipt not merely of wages, as the term is understood in a society where remuneration is on a competitive basis, but of something in addition—a bonus, or subsidy, due not to their own industrial efficiency but to the belief on the part of the community that they ought to have the money for some other reason. This excess will be a sort of enforced relief in aid of wages, paid by the community through the employer as its disbursing agent.

The money for paying this bonus in excess of wages (in the usual and competitive sense) has to come from somewhere. If added by the employer to the price of the goods or services which he sells, it will constitute an indirect tax, another burden on the truly self-supporting, and will pull some of these across the line of self-support into the region of dependence. On the other hand, so far as the excess of wages comes out of profits, it will be in part deducted from future investment, and so again will come out of the wages of the self-supporting. Accordingly, as a net result, the inducement to do better work, and to enter into higher classes of employment, would be lessened at both ends: by increasing the reward of the incompetent and by decreasing that of the competent both in amount of wages and in purchasing power.

These evils would be comparatively small at first, while the minimum wage is applied only to exceptional cases where wages are very low. But in the stress of hard times when many

cease to receive wages which can possibly be considered fit for human beings to live upon, the principle of state regulation having been established and the criterion of a just rate of wages being no longer earning power but need of the recipient, the application of the law will expand in a widening circle until finally it covers the great mass of the unskilled.

The Outlook, in an article favoring the minimum wage, says, as an indication of its success: "Australia has been wading in deeper almost year by year—since 1906, literally year by year. . . . It was first applied only to the clothing, shirts, and underclothing trades, and to the trades of boot-making and baking. It would take a page of The Outlook to recount the extensions of that act to other trades."

In the final result the number of beneficiaries will be very large and the total bonus received by them in excess of their actual earnings very great. As the circle widens, the truly self-supporting will have less and less inducement to continue so. The conditions will in that case approach, upon a large scale, those reached in some parishes under the old English Poor Law, in which inducement to self-support finally vanished altogether.

A far greater evil would be that a minimum wage law would teach people to look to legislation rather than to their own exertions as the source of income and the means of getting on. The effect would be similar to that of the protective system, of which, whatever one may think of it as an economic policy, it is an admitted evil that it makes men turn to the government for financial favors instead of relying on themselves and their own improved methods of production. The whole tendency will be to substitute pull for push, the success of every class of workers being made to depend not upon their efficiency but upon their standing with party managers and political influence. The result cannot fail to be a great decrease in the productive power of the community and a far greater and more important loss in moral fibre.

Benefits from Agitation

Such, I believe, will be the inevitable results of minimum wage legislation.

On the other hand, I believe that agitation for the minimum wage will do good, inasmuch as I think it must lead to the

adoption, not of direct legislation, but of measures that will be really effective toward the desired end. We may be led, for example, to impose drastic restrictions upon the immigration of those whose wages after they arrive in this country would be below the minimum which any country having aspirations to become a true democracy can permanently endure, and whose presence drags others toward their level.

Further, we must become educationists. We must take our system of public education seriously—a thing we have not yet begun to do. So long as the classes in our elementary schools number 40 and over, so long as we have the shortest school day, the shortest school week, and the shortest school year of any civilized country in the world, we have not even begun to make adequate education of our children possible. Far more could be accomplished by taking hold of our public school system with a serious determination to secure the best results than by all the legislative fiats in the world. The raising of wages would be the least of the benefits we should secure.

All our industries and all our social institutions must be educational. We must feel that the question of first importance in regard to all these, by the answer to which they must stand or fall, is of their effect on the character, intellectual capacity, and productive power of the people. Industrial education must be supplemented by educational industry. Our shops and factories must be brought to recognize their responsibility as great educational institutions. It is the responsibility of employers to the Fatherland more than their vocational training that has placed Germany so far ahead.

In short, the way to raise the minimum wage and all other wages is not by an enforced subsidy in aid of wages, but by those longer and more difficult methods which shall make the desired result inevitable. We must learn to cultivate powers and not to deal in ready-made results—not to tie on the flowers but to water the plant.

MINIMUM WAGE AND ITS CONSEQUENCES[1]

But however haphazard our methods of advance, and whether a positive ideal or a grudging surrender to pressure governs our actions, a minimum wage, once established, is bound to entail some considerable consequences. The poor pay heavily for most things but heaviest of all for "social reform"; and it is one of the mournful results of our present industrial disorganization that the general good can only be secured at the cost of individual hardships. Workmen's compensation acts throw many men out of work; the benefits of insurance acts in instance after instance are counterbalanced by diminished wages. So, too, the introduction of a minimum wage cannot, and will not, prove an unmixed blessing. On whatever basis it is regulated, it is bound at first to increase the volume of unemployment. Owners and managers will find themselves driven at once to offset an anticipated increase in expenses by cutting down their staff and by seeking a greater economy of production through a greater technical efficiency. Most businesses are overcrowded in the sense that they employ more men than are actually required, that aged or infirm workmen are kept on long after they are capable of earning their wages, and that improved methods and appliances remain unadopted because they will involve the dismissal of employees. It is a great and a very common error in discussing these matters to forget human nature. There is probably no employer in the kingdom who could not, if forced to it, better the organization of his mine or factory, his railway or his shop, and get along with fewer hands. The minimum wage will probably oblige him to adopt both devices, and after the first shock of the transitional stage is over it may even be found that the cost of production has been in no wise raised. It is true that the factors here touched upon—a higher average wage on the one side and greater efficiency and fewer employees on the other—are not the only factors in the problem. There is the question of output. A laborer who after a hard day's work finds that he has earned only a little more than the guaranteed minimum will naturally be tempted to content himself with a little less money for far less work; and in industries such as mining, where supervision is exceedingly difficult, the

[1] From an article by Sydney Brooks. Living Age. 273: 370-2. May 11, 1912.

result may be a decreased output. But this tendency will be to some extent counteracted by the stimulus that will be given to the men whose normal earnings are below the minimum to improve their working capacity. There will be rapid weeding out of the shirkers, the aged, and the nonefficients, and in this way a day's wage may more nearly approximate a day's work. In industries, therefore, that do not depend on sweated labor it is not by any means certain that the minimum wage would really add to the cost of production or would result in a diminished output. That both these consequences would be claimed to have followed as a reason for justifying an advance in prices to the consumer is probable enough. But whether they will actually follow is another and much more open question. What, however, is indisputable is that the establishment of a minimum wage must throw large numbers of men out of work. Wherever it is enforced it will tend to separate the employables from the unemployables, and its extension to the parasitic trades that only exist by employing artificially cheapened labor would involve extinguishing them altogether. Both of these results may be socially beneficial, but both will entail a vast amount of individual suffering.

PRINCIPLE OF THE MINIMUM WAGE[1]

When we pass to investigate the value of the minimum wage from this point of view—as a means to the minimum income—we are at once aware of the fact that, whether a good means or a bad means as far as it goes, it is certainly not by itself a sufficient means to the end sought. Since the enactment of a minimum wage law carries no pledge of continuous employment, it is plainly compatible with failure on the part of a large number of poor persons to attain the minimum income. Hence the minimum wage is an inadequate means, even if the fact that work-people have families of varying sizes is ignored. When account is taken of that fact its inadequacy becomes still more obvious. The economic unit of living and of spending is the family rather than the individual; and the income represen-

[1] From an article by A. C. Pigou. Nineteenth Century. 73: 644-58. March, 1913.

tative of any defined minimum standard must be different for differently constituted families. Nor is this all. When the appropriate minimum income for a family is known, the wage of the head or of any other member of the family which is necessary to bring the family income up to this minimum varies according to the earnings obtained by the remaining members of the family. It is obvious that no government can establish a minimum wage to vary in this manner. Hence, whether or not a minimum wage law has been set up, some further independent machinery must be provided to ensure that those whose earnings are insufficient to bring the fortunes of their families up to the minimum standard shall be provided with some income additional to their earnings.

Substantially, the establishment of a subsistence minimum wage involves a state decree that the lowest grade of workpeople, if employed at all, shall be paid a wage bearing to their efficiency a higher ratio than wages in general bear to efficiency in general. There can be little doubt that the broad effect of such a decree would be simply to cut off and destroy a large part of the work at private industry formerly undertaken by inefficient men. In a few peculiar occupations, no doubt, which have become specialized to the inefficient, and the products of which are subject to an inelastic demand, it might happen that a considerable portion of the labor force was retained at an increased wage-rate. In the long run, however, it seems clear that the demand for labor in general is highly elastic, and that different grades of labor are capable of being substituted for one another. Hence, ultimately, the enforcement of a minimum rate, in respect of workers whose efficiency was not before high enough to be worth that rate, will act, in the main, to throw those workers out of employment. If they continue to work at all, they must do so under the guidance, not of private industry, but of the state authority entrusted with the care of the poor. The work they accomplish in these conditions is likely, all experience shows, to be practically negligible in amount. Hence the policy of the minimum wage will not render anybody capable of independent self-support who was not capable of it before. It will merely render entirely idle, and throw entirely on the Poor Law or on friends and relations, a number of persons who formerly were—or at all events ought to have been —partially supported from those sources, while they at the same

time did a certain amount of productive work. There is no social advantage in this. On the contrary, it seems plain that there is a considerable social disadvantage.

MINIMUM WAGE[1]

I am not, none of us are, opposed to high wages. We are in favor of a minimum wage, and that, too, a wage which is not merely commensurate with the bare cost of living but, so far as reasonably possible, one which will supply to every worker health, comfort and happiness in the broadest sense of those terms.

What I am opposing is the compulsory legislative minimum wage in private employment; because such legislation is against the interests of both employer and employee and, further, because it is based upon a theory which is not susceptible of legislative enactment under our form of government.

When I oppose the minimum wage, therefore, I mean the statutory minimum wage. Its advocates forget that it is not for the general welfare that a temporary or local interest of one class be selected as the subject of artificial stimulation through special legislation. They forget that ultimately the prosperity of the worker is coincident with and depends upon the general prosperity of the community, and that that general prosperity means industrial development. It means, in short, the prosperity of the employer.

Fallacies of the Minimum Wage

It is one of the fallacies of the minimum wage that wages can be measured out by a fixed rule which does not take into consideration the element of efficiency. Wages must depend upon, at least must have some substantial relation to, the compensation rendered by the worker in return. Now, you cannot legislate efficiency. When you compel an employer to pay a wage which is fixed regardless of the worker's efficiency, you are legislating a forced gratuity to the worker, no matter that

[1] By Rome G. Brown, attorney for plaintiffs in Oregon cases. From the negative argument in debate with Norman Hapgood at the annual dinner of the National Retail Dry Goods Association, New York City, February 10, 1915.

the wage be measured by the cost of living or by any other standard which disregards its fair worth. If its theoretical object of increasing the wage of the inefficient worker were practicable, the minimum wage would have the same effect upon such worker as would a pension. It would destroy initiative and ambition and deprive her of incentive toward raising her standard of efficiency; it would be a drag upon her development as a wage-earner and as a citizen. But, in practice, it can not increase the wage of the inefficient worker. It simply renders her jobless, and this, too, without any compensating benefits either to her or to the working class or to the community.

All wages are not what they should be, but as a rule they are higher in this country than anywhere else in the world. Betterment of existing wage conditions is advancing, and it may be further advanced by cooperative effort, by enlightenment of both employer and employee. The main reason for our present higher wages, as compared with those in foreign countries, is the higher standard of labor here, and the recognition by the employer of the higher efficiency of the American worker. There are some economic facts which can not be changed by legislative fiat. Wages must depend, to some degree at least, upon wage-worth. That fact may be denied by the terms of a statute; but no statute can make it not a fact.

The abstract basis of the living wage is largely that of benevolence, but you can not create benevolence, nor the exercise of any other virtue, by legislative enactment. There are certain precepts of morals which are not susceptible of statutory enforcement. The observer of the Golden Rule shows morality only in so far as he acts voluntarily. His action ceases to be virtuous or moral when once you have enacted into a statute the precept of the Golden Rule and when its observance is enforced under the threat of fine and imprisonment. Actions otherwise virtuous—of benevolence, of charity, or neighborly love—are deprived of all elements of morality when performed under compulsion. Compulsion stifles the humanitarian motive. It sets a hard and fast limit to the otherwise voluntary effort for the general welfare of the worker, and makes the artificially increased standard of wages an object of hostility and attack, instead of a goal to be reached by voluntary, cooperative, moral endeavor.

Minimum Wage Defined

Such is the difference between the ethical minimum wage and the legislative compulsory minimum wage. For, note this: The minimum wage statute provides that, as a condition of employment, the employee must demand for her work and the employer must pay—regardless of the efficiency of the employee, or of the worth of her work to her employer, or of the ability of the employer to pay—at least such a wage as shall equal an amount necessary to furnish to the worker the cost of living in health and comfort; and this under penalty of fine or imprisonment for the employer failing to meet the requirements. In other words, the employer is compelled to contribute to the individual who happens to be upon his pay-roll the difference between what that individual earns and what it is deemed that it should cost her to live. It is a forced gratuity as to every cent above the reasonable worth of the worker; because the need for which the difference is supplied is one which is purely individual and does not arise out of the fact or nature of the employment.

Puts an Embargo on Home Industries.

The statutory minimum wage is objectionable both from an economical viewpoint and from a legal viewpoint. In the first place, it creates an artificial competition with the industry upon which the minimum wage is imposed. With the increased facilities for transportation, industries today compete not alone in their intrastate trade. Their markets are extrastate; their business is nation-wide, and often world-wide. Many of you have 50 per cent, 70 per cent, 80 per cent, and even more, of your trade outside the limits of your state. Mr. Hapgood has said that this disturbance of business adjusts itself because the effect of the statute goes to every similar occupation or industry in the state. This is not true, either as to your interstate or your extrastate trade. Outside the state you have to meet competitors whose cost of production is not increased by an unnatural wage-cost. They, therefore, can sell at a profit outside your state, where your margin of profit is cut down by the wage you must pay in excess of its worth to you. More than that, your intrastate trade is, in the same way, destroyed by your competitors who send goods into your state, which are produced in states

where wages are fixed with some consideration of the ability of the employee to earn and of the employer to pay. Prices at which you must sell are fixed, not by the markets of the state but by the markets of the nation—indeed, by the markets of the world. By the Federal tariff you may, to some extent, be protected against the competition of foreign producer whose wage-cost, and, therefore, whose prices, are below yours. But no tariff is possible between the states, and in the markets of this nation your own state, through a minimum wage statute, puts an embargo upon your industry in favor of your extrastate competitors.

Increases Unemployment

Another evil effect is that it increases the number of unemployed. There is no problem of labor so disturbing, and especially at the present time, as that of unemployment. Workers whose standard of efficiency is given above that of a minimum wage are without work and with them are the hordes of jobless inefficients. The minimum wage statute says to the latter, "You shall not work for what you can earn, although there are jobs waiting you with fair pay for what you are able to do." The employer will not keep upon his pay-roll those whose standard of efficiency is much below the fixed wage standard. Many a woman worker who, from lack of skill, is prevented from earning more than her fair cost of living is glad to obtain work at a wage commensurate with her ability, and thereby to supplement perhaps other means of existence or to help her parents or family to a common fund for support; or, perhaps, while earning less than a full living wage, to acquire the practical experience and skill which will enable her to demand and receive that and more. All this class are driven from their present employment and kept jobless for a long time and perhaps forever. This possible effect upon the employee is admitted by the most ardent advocates of the statutory wage. Experience has demonstrated this effect. The only industry against which a statutory minimum wage has, as yet, been enforced in this country is the brush industry in Massachusetts. One brush concern, since the minimum wage for brushmakers took effect, has discharged over one hundred of its unskilled employees and has reorganized its methods of work so that its less skilled labor is done by those who also perform more skilled work;

and at a total wage which is $40,000 a year less than that paid formerly. In self-defense against the arbitrary interference of the state with its business, it is now forced to figure its wage-scales on a selfish basis, and with less liberality for its employees. If the state dictates for the worker, the employer must look out for himself. So this brush concern in Massachusetts now exacts, more than ever before, from all its workers all the units of work commensurate with the total wages it is compelled to pay.

It Tends to Level All Wages

This leads to another point. As illustrated in this very brush factory in Massachusetts, the minimum wage established by statute has the effect to lessen the advantages and the wages of the higher skilled employees. In other words, the minimum wage tends to become the maximum wage. This is by reason of the very fact of arbitrary legislative interference with wages. The only remedy for this result is, of course, that by further legislation all wages be fixed by statute, and that, too, for both men and women.

It Places the Burdens of the State on One Class

And why should this contribution over what is earned be paid by the employer, simply for the reason that the individual who is on his pay-roll needs this excess over what she is able to earn? These statutes are based upon the purely ethical theory that each individual human being has a generic right to live in health, comfort and happiness and to have all that is necessary for that purpose. The obligation to furnish these is an obligation of the community as a whole. Upon what theory does the community as a whole shirk its burden and by legislation place the obligation upon the employer—the employer who pays toward that cost of living all that the employee is capable of earning, and who gives her the opportunity to turn her real efficiency into a fund for her support? If that fund measured by her efficiency is not sufficient for her proper support, then why should the employer contribute the difference any more than any other class? The duty to supply it is that of the community as a whole. But if you are going to place that obligation upon a class, then why not level down the cost of living by compelling the farmer to produce and sell for less price the necessaries of life; or the merchant, who has bought from the farmer, to sell

at lower prices? The employee is no more entitled to receive his cost of living, as such, from the employer than the employer is entitled to receive his cost of living or the cost of the living of his industry, as such, from the employee. Both are entitled to live, but neither is entitled to receive the cost of living, as such, from the other.

ECONOMIC THEORY AND PROPOSALS FOR LEGAL MINIMUM WAGE[1]

If the minimum is no higher than the wage of the lowest paid workers would have been without a minimum, it obviously has no effect. If it is higher, the increased wage must come from somewhere. There seem to be three possible sources from which it may be derived: (1) A fall in wages of the more highly paid labourers; (2) an increase in the price of the commodity; (3) a fall in profits. The least likely source has been mentioned first in order to deal with it before proceeding to more lengthy discussions. If the wages of the more highly paid labour are reduced, the supply in the trade is likely to be less than would otherwise have been the case, and this decrease in its supply will tend to force its wages up again. The immediate result will probably be an attempt on the part of employers to recoup the loss on those hitherto earning less than the minimum by cutting down the wages of those earning more But in the long run, what will be the effect on the demand for the more highly skilled labour? We have to take into account the Law of Substitution. When the same result can be obtained by different methods, the most likely to survive are those which are most efficient in proportion to their cost. If, then, the cost of any one method is raised, the tendency is for the competing method to take its place. It seems probable, therefore, that an increase in the cost of the less skilled labour will stimulate the use of machinery and of more highly skilled labour. There is, therefore, no reason to suppose that any rise in the wages of those who may benefit from a minimum wage is likely to come from the wages of those more highly paid.

[1] From an article by H. B. Lees Smith, Member of Parliament. Economic Journal. 17: 504-12. December, 1907.

Turning now to the second possible source, the price of the commodity may be raised to a point which will cover the increased wage. But the effect of the rise in the price of a commodity is to diminish the demand for it. This means that a certain amount of the labour and capital hitherto employed in the production of the commodity must seek other occupations. But this is likely to involve both the labourers and employers in a loss. Employers and labourers were presumably occupied where, with such choice as they had, they thought they would do the best for themselves. They had not considered it worth their while to seek other occupations of their own accord. They are forced to do what in their own interests they had hitherto refrained from doing. It is no kindness to the workers in a trade to merely turn them out of it.

There still remains the third possible source. The rise in wages may be secured at the expense of profits. Again, however, we must look at ultimate results. If the profits in these trades are diminished, property and business management which would otherwise have sought these trades will prefer more remunerative employment. This result may not, indeed, follow if the trades in which the minimum is enforced form a non-competing group, so that the supply of capital and business management in them does not depend on the profits which they obtain. We are not, however, aware that any advocate of the minimum wage has ever asserted that these peculiar conditions prevail. If, then, this possibility be passed over, the final result of a fall in profits will be the same as that which we have seen to follow from a rise in price. By diverting property and business management away from an industry we decrease the supply of the commodities produced by the industry and we decrease the demand for labour in it. Hence the labour in its turn is diverted to other trades. Thus we are back to our former position. A certain amount of capital, business management and labour are forced away from the trade which they chose for themselves, and are compelled to seek employment elsewhere, where their net product and remuneration are lower.

A DOUBTFUL REMEDY[1]

My attitude is one of grave doubt as to the practical advantages of the minimum wage. This is not an evidence of any lack of interest in or sympathy for the conditions of low-paid workers. I readily accept your statement that the investigations have shown that in many cases wages are insufficient to maintain workers in health and decent comfort. The minimum wage is a doubtful remedy, involving in some cases the taking away what wage there is. The plan is in its nature simply negative. An employer cannot be made to pay any particular worker a specified higher wage, but he is merely forbidden to pay anybody a lower wage.

In its theoretical aspect, the problem is pretty plain. In a certain industry the number of workers is such that the wage where demand and offer come to an equilibrium is a very low one, say $5. The employers can get all the workers that they need at that price. Experience warrants the assumption that some employers (though not so many) would continue to employ some workers (though not so many). By withdrawing a certain number of employees from that trade (those between $10 and $15) the price could be made to rise from $5 to $8 (which, for example, we may call the living wage). The various prices bid with variations in the number of workers demanded may be represented by a postulated curve the exact shape of which could not be known in advance from experience. If, in a natural way, the number of workers was cut down in that trade, the price resulting would be a true equilibrium. But a state of unstable equilibrium can be brought about artificially by the legal restriction of the minimum wage law. This cuts off and throws out of employment all the workers represented on the curve below $8. There seems a good reason to believe that this number would be large, for the workers employed below $5 must meet a new group of competitors when the wage goes up to $8. There are tens of thousands of workers in other occupations who would not care for these places at $5, but who are eager for them at $8. On the part of the employer there are many latent possibilities of substitution; men

[1] Statement of Frank A. Fetter, head of Department of Economics, Princeton University, published in 4th report of the New York Factory Investigating Commission, 1915, pp. 606-8.

may take the places of women, better trained workers take the places of poorer trained, machinery introduced that would not pay when wages were lower. In most cases the cost remaining can be shifted upon customers, and business will be curtailed or shut down when this is not the case. There is little aid and comfort in this to large numbers of the workers whose wages it was meant to raise. They lose their positions, and, not being able to do work for which any employer will, as a mere business matter, pay $8, they are legally excluded from all employment.

Wherever this occurs they have become public charges. The legislature comes face to face then at length with the real problem, the existence of weak, ill-trained workers in particular occupations not worth enough under market conditions to any employer to make it to his interest to pay a living wage, and unable to shift to any other employment in which better wages are paid. Doubtless some of those who advocate the minimum wage do so with knowledge of its limitations. They do so in the hope of bringing the community at length to see the true problem. They speak and act as social workers and not as economists. I must confess to feeling the temptations of this view and I hesitate to oppose a proposition prompted by such humane sympathies.

Probably much of the advocacy of the measure is on the principle of trial and error. The problem is difficult and no sure solution is in sight. At least we might try the minimum wage and see what happens. If it does not work, it may be that no great harm will be done. Anyhow, we may then try something else. There is, alas, little more reasoning in this than in the fly buzzing against the window pane.

The real issue to be decided is whether to put the weaker class and the weaker members under special public guardianship. This done, the minimum wage is one measure for their relief. There are surely other measures which will act directly upon the causes: limitation of foreign immigration, restriction of the movement of weaker population to cities, compulsory industrial education, fuller custodial care for defectives, the larger development of social insurance, especially survivor insurance for women and children, and other measures with advocates among social students.

WHAT IS A MINIMUM WAGE?[1]

In considering the extent to which the state can control or determine the rate of wages, it is absolutely necessary to begin by determining just what we mean by wages. No subject is wrapped in denser obscurity. The various definitions to be found in works on political economy have apparently served but to increase the confusion of thought they were formulated to dispel.

Without undertaking to reproduce or attempting to reconcile these definitions—above all, without venturing to increase the number of them—the nature of wages can be made perfectly clear by the simple process of examining in detail the actual operations of industry familiar to every one in the production of some one commodity; the chair, for example, on which the writer is now sitting.

If a laborer engaged in making chairs produce ten chairs worth fifty dollars every day, and his wages be five dollars a day, his rate of compensation clearly is one-tenth of his own product—one chair of every ten that he produces. He does not, of course, take a chair away with him every evening, and undertake to divide it among the butcher and baker and grocer and landlord. To do that would be to destroy the value his labor had created in putting together its component parts and combining them into a chair. Instead, therefore, of taking for his wages a chair which cannot be divided without destroying its value, he takes its equivalent in money, that is to say, he takes five dollars which can be divided among all the different persons to whom he is beholden for the necessaries of life.

It would be grave error, however, to assume (as superficial observers often do) that these nine chairs, or forty-five dollars, constituting the difference between the total product of this laborer and the portion of it which he receives in compensation for his toil, all go to the employer for his own profit. That difference is a fund from which must be repaid every person who contributed in any degree to the production of

[1] Statement of W. Bourke Cochran (lawyer, New York City), published in 4th report of the New York Factory Investigating Commission, 1915, pp. 744-59.

these chairs. The woodman who cut down the trees and fashioned them into logs; the carrier who transported these logs to the saw-mill; the sawyer who converted them into lumber; all the different workers by whose labor the various elements constituting the chairs were produced; the manufacturer who assembled these materials in the factory; the mechanic who put them together; the dealer in whose establishment the finished articles were offered to the public; the salesman who sold them; the truck driver who delivered them to the ultimate purchasers; all these must be paid from some source or other. There is no source from which they can be paid except the proceeds realized by sale of the chairs.

The conditions under which chairs are produced govern the production of all other commodities. The wages of an agricultural laborer must be drawn ultimately from the crop which he has aided in planting, in reaping or in harvesting. Before the miller can begin the manufacture of flour he must first obtain the raw material of his product, the cost of which includes every penny that has been spent in sowing wheat, reaping it, harvesting it, and bringing it to the market. And so the wages of a laborer engaged in building a road must be drawn from the profits of the increased trade which its construction has stimulated; the wages of a laborer employed on a railway must be drawn from the revenues earned by the service of which he is a part.

All industry is in fact one vast scheme of industrial cooperation in which many men, strangers to each other, are found contributing to the production of some commodity, or the prosecution of some enterprise, though frequently unaware of their common object—usually ignorant even of each other's existence; and all the fruits of this cooperation (aside from the portion of it assigned to capital for profit) are distributed among the laborers who have contributed to produce them.

It must at the same time be borne in mind that there is nothing to distribute among laborers except the product to which they have all contributed.

In the light of this inescapable fact, the difficulty of fixing a minimum wage, or any other wage, becomes at once apparent.

If the state, believing one laborer to be inadequately paid,

should direct that his wages be increased, it would in effect be assigning to him a larger proportion than he now receives of a product to which many other laborers must have contributed. But in that event, these other laborers must be paid less than the proportion they now receive.

If the laborer who finished the chairs be given more than one-fifth of the product, the woodman who cut down the trees, or the sawyer who converted the logs into lumber, or some other laborer who contributed to its materials, must necessarily receive less, for there is nothing but the proceeds of the chair to be distributed amongst them.

Nobody, it can be assumed, would favor raising the wages of any laborer, however poorly paid, by cutting down the wages of another even though he be highly paid.

But it is insisted that wages should be increased by distributing among laborers that proportion of the industrial product now allotted to capital for profit.

The ethical merit of this proposal it is unnecessary to consider. It will be sufficient to show that its adoption would cause not an increase but a reduction in the rate of wages.

To deprive capital of profit would, of course, end private ownership of it. No one would assume the burden of caring for capital except for the interest or profit to be derived from employment of it. If private ownership of capital were abolished, the state itself must assume the task now performed by owners of capital. But with the state in control of all industry, the essentials of production would remain exactly what they are now.

A chair, for instance, could not be produced under any system of industry until necessary materials were first secured. Trees must still be cut down in the forest exactly as at present; logs must be sawn into lumber; all the component parts must be assembled in one place, before they can be combined into a chair available for use. And the cost of all these must still be drawn from the proceeds of the chair itself. There is no other source from which it could be drawn.

From all of which it is clear that the state is powerless to increase wages. The laborer must produce his own wages, and all of his wages. His wages being part of his own product, the rate of his wages must necessarily be determined

by the value of his product. In the very nature of things it can be determined by nothing else, for if he be paid more than the value of his product he is employed at a loss, and an employer could not continue to employ laborers at a loss without first impairing his capital and ultimately destroying it, when being bankrupt he could pay no wages at all.

Nor can a laborer be paid less than the value of his product—at least for any considerable period of time.

The only object which could govern an employer in paying a laborer less than the value of his product would be to secure larger profits on his own capital. But if by persuading or forcing his laborers to accept disproportionate wages he succeeded in gaining unusual profits, the moment this became apparent other capital would enter that field of production to compete for a share of these unusual profits. Capital competes against capital for profit even more keenly than laborers compete against each other for employment. Competition of capital against capital in any field of industry must take the form of competing for the best labor, and this would inevitably force the rate of wages upward until such a proportion of the product went to the laborers that the profits of capital would be reduced if not extinguished. It would then be driven to seek more satisfactory profits in some other field of production.

There is but one way by which the wages of labor can be increased, and that is by increasing the volume of production.

If the laborer whose operations we have been considering could double the output of chairs, his wages might be doubled without changing in the slighest degree his own proportion of the product. That proportion remaining one-tenth, his wages would be two chairs instead of one, ten dollars instead of five each day. But the employer could much better afford to pay ten dollars for a product of twenty chairs than five dollars for a product of ten chairs. In the one case the surplus over and above the laborer's share would be eighteen chairs, and in the other nine. Neither the laborer nor the employer would here be taking anything from the other. They would be dividing an increase of production, accomplished through the joint efforts of both. And they would not be the only beneficiaries of this increased production. The whole community would be blessed by it.

IMPERMANENCE OF WOMEN WORKERS[1]

Let me preface my reply by saying that I am president and chief owner of the Press Clipping Bureau known by my name, employing about one hundred persons, chiefly young women, in offices in New York and Boston. In the course of the twenty-six years of its existence, I have been in contact with the conditions of such employment in those cities, all the time in Boston, twenty-one years in New York—as well as for a few years in Cincinnati, Chicago and Denver.

Perhaps 500 young working women have come more or less closely under my observation during this time. I have no reason to believe that five of them were wholly dependent on their wages. We have preferred to employ them fresh from school. Almost invariably their earnings have gone to swell a family income. This is a point that in the discussion of the minimum wage is often lost from sight. In the case of the great mass of the women wage earners of the country, it is a question of the family and not of the individual. Much of the argument, however, assumes that the individual is the social unit, and not the family.

Our girls rarely stay with us many years. Some time ago I made a somewhat laborious calculation and found that they averaged to stay with us forty-four months. Conditions may have changed since then, but not greatly. I have been told we do better than the telephone company, where the average is said (if I remember right) to be about thirty-three months. The telephone girls have greater opportunity for speedy matrimony. That is not a matter of humor, but of economic fact. My observation is that practically all young women engage in wage-earning effort as a makeshift, with matrimony as the looked-for relief.

This puts young working women, as a class, on an altogether different plane from young working men. Their employer knows that in nine cases out of ten (speaking broadly) he will presently lose all the capital he has invested in training. Every time one of our girls goes out of the door after her resignation, we see go with her, on the average, several hundred dollars of our capital, invested in making her an efficient

[1] Statement of Robert Luce in 4th report of the New York Factory Investigating Commission. 1915, pp 807-9.

worker. This, of course, we must recoup. It is therefore natural, logical, and inevitable that a worker of this class shall receive less pay than one of the class that brings some permanence of employment, namely, men.

LEGISLATION NOT THE REMEDY[1]

Briefly, we believe that the employees are entitled to a greater share both in the profits and in the management of industries; but we do not believe this can be brought about artificially by legislation. Prices, rents, wages, and interest depend upon the relation between supply and demand. Every attempt to ignore these fundamental laws of supply and demand, action and reaction, or reward and punishment, is like trying to stop the earth from revolving on its axis. Yet minimum wage legislation is very popular, and those of us who oppose it are regarded as medieval and hard-hearted plutocrats.

First, let me make clear that the tendency toward minimum wage legislation is strong in every state in this Union. This is the day for short cuts, and the day for political buncombe. The advocacy of a minimum wage apparently is one of the best opportunities for combining these two. The public will, in any case, pay the bill, so there is nothing for the employers to object to, provided they are all treated alike. Moreover, a minimum wage will tend to eliminate apprentices, and may make it unnecessary for employers to train their own clerks. If a young person has initiative enough to learn, he or she will automatically graduate into the minimum wage class. If not, this young person will be brushed aside. In either case the responsibility will fall upon the employee and not upon the employer, when the minimum wage is in effect. Therefore many say: "If the public demands a minimum wage, why not grant it? It is the public which must eventually pay the bill."

[1] Statement of Roger W. Babson in Confidential Bulletin No. 1-12, August, 1914, of the Babson Statistical Organization. Reprinted here from 4th report of New York Factory Investigating Commission, 1915, pp. 788-92.

With universal minimum wage legislation, increased prices will take care of the increased expenses and leave profits the same; in fact, those who figure profits on a percentage basis should have a greater profit under the minimum wage system. Hence, from the employer's point of view, there is little to fear from minimum wage legislation. For this reason we advise clients not to oppose the trend of the times nor say anything in this connection which may offend public patronage or cause customers to think that they are employing underpaid women. Were it not for the opposition of some conservative labor leaders, who have begun to see a danger in the minimum wage, its general adoption would be a foregone conclusion. When its adoption becomes general, however, the reaction may be as severe.

What is to become of young apprentices and old employees who cannot earn even the minimum wage, and will therefore be thrown out? In hundreds of families, even the two-dollar cash girl is helping some one else, and in such cases it is the combined wages of the entire family that should be treated as the unit.

If only the efficient are to be given employment, how can any one learn to be a skilled worker? If one must be shelved after he or she becomes too old or feeble to be capable, who is to give the needed support? Employers very well know that it may be to their advantage to have one twelve-dollar-a-week woman who will not need to be watched and taught, rather than two irresponsible six-dollar-a-week girls! Moreover, employers may, when the six-dollar girl deserves a raise, drop her, and employ another at the same wage, instead of giving the older one promotion. In practice, can the minimum wage be limited without unconsciously limiting the maximum wage also?

If the law would send home those girls who are working for a low wage simply to provide themselves with a few luxuries, since their fathers are quite able and willing to support them, or send home girls who are really needed in the home to assist in the housework or to lift the burden for overworked mothers, well and good. Such girls should be taken out of the stores and offices in order that their places may be given to those who must help to support others or who

have no one to look to for aid in the battle of life. But no such good result comes from minimum wage legislation.

When England, Germany, and United States sent commissioners to New Zealand and Australia to investigate the results of their minimum wage laws, not one could give a wholly favorable report. The favored complaints that the law causes jealousy and hatred, that the old must starve, and the young have no incentive to spur them on to effort. Those unworthy of the minimum wage are forced into the sweat shops, while those who are hired for such wages, if indolent, do not try to improve and are discharged for laziness. In many New Zealand factories unskilled workers are dropped at the end of three trial years in order to evade the law. In various manufacturing plants where employers have, voluntarily or by law, adopted a minimum wage system they freely acknowledge that they will employ only skilled labor, as they cannot afford to teach incompetents with universal minimum wages.

Should the state be compelled to support those who will not earn a minimum wage? The state is you and I. One woman may be discharged on account of a disposition which makes it impossible for others to get along with her; must the rest of us who can keep our temper and earn our living pay for her support? Another will not work in a certain locality, nor where she cannot have certain amusements; must we, who sacrifice our preferences and deny ourselves pleasures, pay taxes to keep her in idleness? Some of the greatest people the world has ever produced began earning at an almost incredibly low wage figure; shall such have no opportunity to find out their own possibilities? In Massachusetts, 79 per cent of the women earn less than $459 a year. Must the remaining 21 per cent help to support this large majority?

Germany, France, and Belgium pay to their workers only a fraction of the wages paid in America, yet they have no such problem. This is because they have a regular system of insurance against old age, illness, and want, so that all, including the sub-averages, are compelled to look out for the future by having a certain per cent of their pay deducted for old age insurance, and another for illness insurance. It does no good for state commissioners to decide that no woman can

live wholesomely on less than ten dollars a week. The fact remains that many have to live in some sort of way on less than that, for many are only beginners, others are hopelessly inefficient, or are old and not worth even the minimum wage suggested. Some system of insurance is far more practical.

In the long run, the wage question can be settled gradually only through education and religion. If we will grasp this fact and keep it constantly in mind, we shall have no trouble; but if we experiment on various "get rich quick" plans for employees, it will be necessary to retrace our steps at much expense.

Employees must learn that a continued increase in wages is absolutely dependent upon increased efficiency and greater economy, and that only education and training can increase the efficiency of the masses. On the other hand, employers must learn that the present capitalistic system is inhuman, wasteful and unjust, and that only when recognizing this can they intelligently negotiate with labor. Furthermore, employers of labor must realize that human rights are more valuable than property rights and that really "it is more blessed to give than to receive."

From reports coming to this organization from all parts of the country, I am convinced that the solution of the wage question must be worked out through cooperation and not through legislation. We employers must be willing to make some sacrifices and take our pleasure in helping our employees rather than in building up a name or fortune for ourselves. Likewise, the working people, if they are to cooperate with us, must endeavor to develop in character, health, and usefulness, so as to be worthy of the partnership. Hence, I say that all these artificial means, such as minimum wage and compulsory arbitration, will be found to fail. The solution will come when all of us, employers and employees, have more of the right kind of education and righteousness. This, however, does not mean "book-learning" and "theology."

SERVICE AS THE BASIS OF WAGES[1]

Establishing a minimum wage by legislation must be regarded as an innovation and experiment in legislation in this and other countries. Its most ardent advocates can hardly point anywhere to its complete success, and where in other countries it is shown to be partially successful, the conditions of employment and living vary so from ours as not to constitute a proper nor safe guide for its adoption here.

A minimum wage law will in no wise promote additional business. Its effects will be the very opposite. It will limit business and limit employment. We turn our attention for the moment to the minor who has reached the age where some employment can be had, and who is required to be of help toward the family support. The state has given him or her an ordinary education, but even if it has been of a technical nature, her efficiency and capacity to earn a living is very small. We claim that the modern mercantile establishments of the United States have become practically extension schools for such minors; that coming in contact with the public through them is in itself a great opportunity for education; that training is furnished amid helpful and proper surroundings, and with it is given a reasonable consideration; and unless the state provides such places for training, or better places, such opportunities would be lost to thousands needing them; and if the state did attempt to provide such vocational training, it could only be done at tremendous expense. State training could hardly be practical but only a theoretical training at best, because it could not bring its pupils into contact with actual conditions. We claim as practical fathers, it is for the best interests of that minor to be brought into touch immediately with practical training, and the state should not hinder nor embarrass that minor through wage legislation of this sort.

There are many analogous cases to this, of people, for instance, who are not minors. We cite that only of the minor at this time, as we desire to be brief. Facts will show that only a very small percentage of girls or women who receive low wages are without the benefit of family or home support.

[1] Statement of the New York Retail Dry Goods Association, published in 4th report of the New York Factory Investigating Commission, 1915, pp 811-19.

We turn again for the moment to the effect on the minds of many of the young in the event of the establishment of a minimun wage by law. We feel that it would carry with it the assumption that there is a definite established wage waiting for any one who chooses to enter employment, creating on the part of some a desire for freedom from parental or home restraint. Home duties might seem more onerous because of this presumed available opportunity. It is a phase of the question to be viewed with apprehension.

The movement of useful members of rural communities to the cities is constantly going on. Will not the glittering "will o' the wisp" of a standard minimum wage be an added allurement, eventually disillusionizing to thousands? If instead, whether in city or country, this young woman who is fitted for home work could remain in the home and not have this attraction, would not the effect upon home-keeping be worth consideration?

We believe a law of this kind will tend to destroy initiative, that it will work against women and in favor of men, and that the state should not put its seal of approval on such discrimination.

We fear that to establish arguments for minimum wage by legislation, too many times undue stress has been laid on the lowest wages paid, and there has not been properly presented records of the efficient and the successful; in fact, that in investigations, too often, arguments have been sought to sustain the idea of minimum wage legislation rather than to approach this important matter from an unprejudiced and judicial standpoint.

The general saleswoman's work should not be compared with factory or office work. Her work is light, not onerous; it is not constant, as is the work of a factory employee; she is not engaged in actual labor to exceed 40 or 50 per cent of her working hours; she has during the day many periods of rest from labor; she is allowed hours off each day for shopping; she is allowed time off, without docking, for personal reasons and family obligations, and even at times for social reasons. She is pretty generally, these days, given either a summer vacation or weekly half-holidays without loss of pay. Moreover, there enters into this problem, over and above wages paid to each, other elements which are equivalent to an addition to her pay. On all her purchases made in the store (and in the average de-

partment store this covers practically all her wearing apparel and personal needs, and in some cases household needs as well) she receives a very considerable discount or reduction from regular prices. Is this not wages as well? Too, in the average store of reasonable size, there are not less than twenty departments or subdivisions, all calling for managers or buyers, or offering advanced positions, affording opportunities for promotion and incentive to attain it. It will be found that the compensation of these successful workers will average more than that of the medical, or legal, or ministerial profession.

There is another element which enters into employment of women and rate of wages paid. At the outset no new worker returns to her employer anywhere near 100 per cent of efficiency. There is a training period varying from months to a year or two, involving loss of profit in her work, which may be recouped if her period of service be sufficiently long; but many, indeed most women, look upon work as temporary until they are married, and many workers leave to be married before they have returned value for wages paid. The employer is then under the necessity of again training, at his expense, a new worker. This largely tends to hold down wages for the beginner, and no legislation could overcome it. In this country, the per cent of women over nineteen years of age marrying is 80 per cent.

The basis of legislation should be justice after *all* facts are known. Wages are not the only factor to be concerned with in determining justice and the scientific spirit should be shown not only in inquiries as to wages but also as to the kind of service rendered, and whether adequate or any service is being given. Reasoning to the logical end, a minimum wage based simply on needs is unscientific. It says six, eight or twelve dollars a week shall be paid no matter what service is rendered, or indeed, if any, so long as the person to be paid wages is an employee. If a person is not an employee, but is out of employment, there would appear to be no obligation on the part of any one to see that he has a living wage. The mere giving of employment carries with it an obligation to pay six, eight or nine dollars, whatever it may be, regardless of the quality or kind of work done. If because one is an employer and obligated to support some one at a given rate, on whom does the obligation rest to support the unemployed? We do not think it just to say that an employer is

under obligation to pay anybody anything when there is not a corresponding obligation to return in earning power the full sum paid. Obligation for the payment of the difference between earning power and wages paid belongs somewhere else. It is not an obligation upon the employer because he *is an employer,* but a moral obligation or a public obligation to be shared alike by employer, consumer, non-employer, the family, society, or the state. It is a moral obligation to be borne share and share alike by everybody, and not to be shouldered upon the employer alone. If such difference must be borne somewhere, and if a person cannot earn a living wage, why not go the whole way and put the difference between what she can earn and what she needs upon the state, imposing a tax, or by some other method, but we do not think that any one would feel like subsidizing either an employee or employer that way. It surely cannot be just reasoning to put that burden on the employer alone, nor an answer to say that he can recoup himself, if forced to shoulder a burden not his, by raising prices, because the fixing of prices is not in his hands.

The minimum wage plan is based on the theory that the person employed by a private business concern should be paid wages on needs, rather than on the quality or kind of service rendered or work done. The first purpose of a business concern must necessarily be to make that business profitable, and that must be done, even though its heads may be largely dominated by a desire to do charitable and kindly acts. Without that the business could not continue and there would then be no chance to give employment to anybody. It follows, then, that every employee must be a profit maker in some form, for no business could exist unless its employees earned for it a per cent more than they were paid in wages. Economically, then, that principle of wage payment which requires wages to be paid on any other theory than value returned is wrong.

MINIMUM WAGE LEGISLATION[1]

Throughout the United States at the present time there is considerable discussion concerning the establishment of minimum wage laws by the states, and many persons, who have not gone deeply enough into the question, favor such legislation. These persons, of course, are well intentioned.

There is, however, another class of persons, more numerous than the first, who are not moved by their desire to improve conditions for the working women of the country, but who rather are actuated by purely selfish purposes. We refer, in this instance, to employers of labor, who hope in this way to bring cheap competitors to a condition of equality with them with respect to wages.

There are, however, other avenues open to such employers—avenues which will produce the desired results for the employer without at the same time injuring the employee. This may be done by voluntary agreement as to wages and conditions among employers, or by employers who desire to do right by their employees getting in and helping to unionize thoroughly the industry in which they are engaged, thus equalizing competition in this regard.

That there is urgent need in many industries for a higher minimum wage there is none to dispute, but there is grave danger for the workers in the establishment of minimum wages by statutory enactment. That this is true has been demonstrated where the system has been tried.

In New Zealand practical experience has demonstrated that employees who, because of age or disability, cannot earn the established wage are thrown out of employment and cast upon the state for support. It has been shown, also, that there is a tendency to make the minimum the highest wage paid instead of the lowest, and that is the reason that employees are likely to suffer under any minimum wage required by law.

Another strong objection to legislation of this character is the fact that the ultimate result must be to discourage organization among all except the zealous souls among the workers. Lack of organization would prove disastrous, because trade unions are not only the best means of securing increases of wages

[1] From the Labor Clarion (San Francisco), January 24, 1913.

for the workers, but protect them in many other ways, by regulating sanitary conditions, preventing intimidation and coercion on the part of unscrupulous superintendents, foremen and employers themselves. The trade union furnishes shelter from oppression in so many different ways which are almost unreachable by statutory enactment that the labor movement must always oppose anything which tends to discourage organization.

The agitation at present going on, of course, relates almost entirely to minimum wage legislation for women; but in spite of the fact that conditions in industry for men and women are not identical, the same reasoning applies in each case.

The organized women, though at a loss to know just how to bring the vast army of working women to a realization of the importance of organization to them, with the scant means at their disposal, are a unit in their opposition to the establishment of a minimum wage by law.

Women do not readily take up the trade union movement because they, generally speaking, regard themselves merely as incidents in industry, and look forward to the time when they will marry and have their own homes, and, therefore, do not desire to contribute from their present wages the funds so necessary to carry on such a movement. Frankly, they are too short sighted to do their full duty in the premises.

In spite of these patent facts, there can be no question as to the detrimental tendency the adoption of a minimum wage law for women by the state must have upon the women workers as a whole.

After such a law has destroyed the organizations now maintained by the women workers there might come a period of lax enforcement of the law because of a lack of sympathy with the workers on the part of an unfriendly state administration, and then the workers would be left absolutely at the mercy of the cheap labor huckstering employer and in confusion only worse confounded.

The coming into power of such state officials is not only a possibility but a strong probability at some time in the future, so that we are not indulging in any iridescent dreams in drawing pictures of this character. Our officials in the past have been drawn very largely from this class of people, and we can only judge the future by the past. It, therefore, behooves all those who wish the wage-working man well to put forth every

effort to defeat any legislation along the lines of fixing wages by legislative enactment.

We are aware, also, that the courts occasionally step in and declare labor legislation unconstitutional, and that it requires the funds and the energy of organized men and women to fight the endeavors of greedy employers to have all enactments calculated to benefit the wage workers nullified. In order to be able to enjoy the benefit of such laws our organizations must be maintained, and anything which would interfere with the continuance of the unions of women must be fought with all the vigor at the command of the labor movement. A minimum wage law is just such a danger.

There are some well intentioned persons urging legislation of this kind who believe that labor does not know what is good for it, and needs the intellectual guidance of altruistic souls like themselves. On this score we would fervently urge them to disabuse their minds, because the wage-working woman who is a part of the labor movement is well equipped to pass intelligent judgment upon such questions. The fact that she is organized is, in itself, an expression of her intelligence.

There are also some other persons urging the enactment of a minimum wage law in whom, if the labor movement does not display a Damon confidence, perhaps it may be attributable to their failure to show indication of the honor of a Pythias in their relations with the wage earners. And, again, we must say we can only judge their motives for the future by their conduct in the past.

There are one or two labor organizations in this state and a few in other states that have been carried away by the glamour of surface indications, but the great majority of the unions are undeceived.

The California State Federation of Labor some time ago expressed its opposition to any legislation along the lines of minimum wage laws.

Last Friday night the Labor Council, after a thorough discussion of the question, almost unanimously adopted the recommendation of the Law and Legislation Committee that the principle of fixing either a minimum or maximum wage, for either men or women, by legislative enactment be condemned.

The labor movement is thoroughly familiar with its needs, and a statutory wage law is not among them.

MINIMUM-WAGE BOARD AND THE UNION[1]

The strike of the Massachusetts mill workers in 1912 brought to light the reactions following short-hour legislation, and gave the promoters of reform by legal enactments their opportunity to inaugurate their campaign for the regulation of wage rates by state commissions and wages boards rather than by legislation. The Massachusetts Minimum Wage Commission was created. The following year, in 1913, eight additional states enacted similar laws.

State regulation of wages promises to be the most popular plank in the program of the social reformers. I venture to predict that in its ultimate results it will be the most unpopular among its proposed beneficiaries.

When a demand is made for a wage inquiry for the purposes of an award in an unorganized industry, it does not come from the workers, that is, not from their collective willing, but from those interested in the operation of the law as a measure for social improvement. Both the friends of the law and the employers are in a better position than are the workers to initiate the trade organization which the law presupposes and requires when it provides for representation of workers and employers on wages boards. Every one who has had a kindergarten experience in the organization of workers can testify that a superimposed organization never becomes an actuality, with character of its own: the force of a labor union is the collective will of its members, and no concession of value is granted to a makeshift organization from which that will power is absent. Of more importance to labor than an award granted under such circumstances, is the fact that a nominal organization backed by employers or friends of the law, and carrying the endorsement of the state, will effectually stifle free organization or even protest; the nominal organization would be considered the legitimate one, and any other coming before the public or the courts would be treated as seditious or anarchistic.

While wages boards restrict the opportunities of labor to voice its demands in its own way, they also fail to provide a method for an equality of representation on the boards from unorganized trades. For the present it is in unorganized trades

[1] By a Trade Unionist (Helen Marot). Unpopular Review. 4: 397-411. October, 1915.

in our own country that it is proposed to establish wages boards. Miss Constance Smith writing of English experience says: "Considerable difficulty was experienced in England in securing proper representatives of the employees. . . . While employers found but little difficulty in quickly becoming organized, in the case of the employees being the least experienced class of workers, entirely unorganized and full of suspicion, the selection of proper representatives has fallen largely upon the friends of the workers." It fell in fact into the hands of the promoters of the law. They no doubt served the workers to the best of their capacity, but they stretch the definition of an important word as well as a fundamental point in the administration of the law when they speak of the workers being *represented* on a board which fixes their conditions of work. The misinterpretation of the word occurs in the statute which calls for representation of both sides, but it provides specifically for election of employers and selection of the workers. Of the chain workers' board Miss Smith says that "here again, far more than in any of the scheduled industries, was there difficulty in finding women of sufficient intelligence and independence to serve on the trade board as workers' representatives. But for the plan wisely adopted by the Board of Trade of not insisting that these representatives should be engaged in the trade itself, it would have been impossible to secure adequate representation of the workers' side." The chain workers and all other workers will be unintelligent on the question of wages boards from Miss Smith's point of view, because it is her method, and not their method of solving their problems. The lack of independence which she observes is a sign of an intelligent understanding on their parts that unions, unlike wages boards, make provision against discharge of workers who testify against the interest of a boss. Miss Smith, in fact, assures us that a long and expensive campaign, conducted under the auspices of the Duchess of Marlborough and costing $4,000, failed to educate the chain workers or give them confidence. Miss Smith's conclusion is that the fault is with them. It suggests to me that the fault may be with her method of managing their affairs.

After the awards were made for the brushmakers through the wages board of Massachusetts, where brush workers had participated, the sponsors for the law found it necessary to

amend it so that an employer would be liable who discharged a worker on account of his or her activity. But, as every one knows, it is not possible to prove against an employer other reasons for discharge than those he chooses shall be accepted.

The effort to make wages boards democratic has failed. Unorganized workers have no means of electing representatives, nor of knowing what individuals would best represent them; they have no means of controlling individuals acting as their spokesmen, nor any power to protect a worker who would undertake to voice their interests. As a matter of fact, a worker from an unorganized trade, serving on a trade board, would be in a position of an incompetent witness in a court of law, because of his economic dependence on the good will of the employers in his trade.

If the union movement endorses state regulation of wage rates, and the methods and awards of wages boards, it commits also the members of affiliated unions to the findings and awards. That is, if a union representative serves on the wages board for an unorganized trade, and agrees that the cost of living for the workers of that trade may furnish the basis for wage rates, and agrees moreover to the minimum rate to be paid in that trade, he advertises in advance the minimum rate to be paid to other workers in other trades doing the same general grade of work. By way of illustration we will assume that the case of the umbrella workers is being considered. The board discovers, to the varying satisfaction of its members, what it calls the cost of living for the umbrella workers of the locality. It is difficult to decide what sum will keep an umbrella worker in fit condition, after rent, food, clothing, car fare, occasional illnesses, and other innumerable contingencies are more or less satisfactorily disposed of. But in the end a trial sum is fixed on as representing a living wage, or as nearly a living wage as the variations in the lives of individuals permit. A liberal board will endeavor to hold that sum as a trial sum during further consideration of facts furnished by employers indicating that the business does not warrant the payment of so high a sum. The board may even believe, as some advocates romantically declare, that a business which cannot pay a living wage should not exist. But, after all, a liberal board, made up of employers as well as workers, for the purpose of considering the position of both, will, it is

safe to assume, live up to its character, and, like the English board considering the case of the embroidery workers, not insist on a rate which the employers have successfully proved would drive their industry back to France, Switzerland or Germany.

The case of the umbrella workers is a fair illustration of the position of a wages board. It acts on the assumption that the cost of living can be satisfactorily approximated, and that a wage rate can be fixed with the approximation as a basis. A board finds in the course of its operation that the cost of living for a mass of people is a variable sum, that the sum does not vary on account of the industry in which they work so much as on account of the necessities of individuals.

When a wages board determines a minimum for the workers in one trade, based on the cost of living, it determines minima for the workers of the industries of the locality. If the cost of living approximates $8 a week for the umbrella workers of New York city, so it does for the cigar makers, the glove workers and the milliners. Not only is it the cost for the unskilled, underpaid women, but it is the cost as well for the skilled.

A commission made up of citizens, not undertaking to represent or include employers or workers of the different industries, is as competent to discover the cost of living as is one that is made up on the representative basis. There is no need to consider the cost of living in connection with particular industries. Without even an investigation, we know that $12 or $15 a week offers a man or woman living in New York a miserable existence; but if he receives that wage *regularly,* we also know that he can exist in a state of comparative decency if no exigency occurs. The advantage of establishing the rate is a point to be considered, but the one I am making here is that the constitution of wages boards for the consideration of different trades, and made up of workers and employers, serves other ends than the determination of minimum or living wages.

If, as I have tried to show, wages boards would embarrass the organization of labor, we can readily understand why there is so little financial opposition to the movement, especially if we discover as well that capital can successfully shift the increased burden of minimum rates without increasing the cost

of production or affecting profits. But even should an increase in cost of production in some cases follow state regulation of wages, it is still possible that the method in the long run would be preferred by capital as a substitute for labor union action, because every extension of the power of the latter adds to the *uncertainties* of profits. The possibility of control which wage boards offer, and the ability to forecast their action, would be a gain for capital.

But the economists who support the minimum wage agitation virtually rest their case on the fair presumption that capital can meet the minimum rates fixed by the state without paying the bill, and that it can shift the immediate burden of the change to the shoulders of the workers. And state wage minima *can* be met by capital without loss to itself by well understood methods: by the introduction of labor-saving devices; by the reduction of maximum rates; by increasing the selling price. As our minimum wage awards are to be made by the respective states and, as prices of commodities and profits are determined by a national and usually effected by a world market, the increased cost of production cannot and will not be met by the industries of the separate states by increasing prices or decreasing profits unless the industry coming under an award (such as retailing merchandise) is confined to the locality in which the award is made. It follows that increases in cost of production will be met at some other point than profits or prices. The logical consequence of minimum wage is the reduction of maximum rates or the introduction of labor-saving devices. It is important, when considering the benefits which minimum wages will confer on workers, to recognize that where capital meets increased costs by increasing the selling price the weight of the burden falls less on the consumer than on the workers, for the simple reason that increasing the selling price reduces the output and decreases employment.

The oft-repeated statement of trade unionists that under wages boards the minimum will become the maximum, is not theory or mere prediction, nor is it based on the experience of other countries with minimum wage laws. It is trade-union experience in the United States that any fixed union minimum in an organized trade becomes the maximum when the union loses its power or driving force. When a union agrees with

the employer, to accept a minimum rate, it is clearly understood that it has taken all that it can get; that if it had the power it would take more; that as its power increases new demands will be made. When a state fixes minima it is understood that they are based on a defined sum, an estimated cost of subsistence. The state has no intention of acting as a continuous pressure upward in the interest of labor. Men who have had experience in arranging wage rates know that the maximum becomes the minimum as pressure relaxes. It was probably in recognition of this fact that eight of the states out of the nine enacting minimum wage laws inserted apprenticeship clauses, or made provision for temporary payments of rates below the minimum. As this clause prevented a decrease in rates for the higher grades of workers, that is as it served its purpose and prevented the minimum becoming the maximum, I understand from Washington that the end of an apprenticeship brought the worker not the minimum awarded, but discharge. One of the promoters of the law, and a commissioner, told me that the workers pleaded with the administrators of the law not to report their eligibility as their probation period closed, because they preferred a low rate of wages to none at all.

This is the joker in the law: not low wages, but no wages. State wage minima are actually in line with methods of modern industrial development, which is economy of labor power, or, in the language of factory economics, unemployment—unemployment for the relief of the same workers for whose benefit the legislatures were invoked. The elimination of the lowest grades of workers by supplanting labor power with machine power, by exacting a larger output per worker, by speeding up, or by increased efficiency in management, or, where the law applies to women workers and not to men, by the substitution through immigration of foreign male labor—these are capital's very simple and familiar methods of eluding increased wage rates. Furthermore, the labor-saving devices which would inevitably follow state-wage minima would require increased capitalization in the trades affected. Increased capitalization means business consolidation, and business consolidation is in itself a labor-saving device which swells the labor market.

The trade-unionists are particularly competent to predict the aftermath of increased wage rates. Out of their experience they know that labor-saving devices follow successful union action, and that failure has resulted as they have neglected the consequences. Trade-union opposition to minimum wage laws has nothing to do with the economic reactions. They are opposed on the ground that they will impede voluntary expression and resistance of labor, as they supply state substitutes. There are trade-unionists who endorse state regulation for the working women. It is in line with a masculine disinclination to recognize women as permanent factors outside of the home; but their endorsement is due also to their desire to be rid of the responsibility of helping them to organize, organization being prerequisite to representation on wage boards.

The social reformers' program for standardizing industry and taking care of the labor refuse offers endless occupation for themselves. Whatever contribution it makes toward industrial efficiency, consolidation, security against organization or uprisings, will be, or rather is being, acknowledged by capitalist politicians, as the advance is acknowledged by state socialist politicians. The new planks of the reform program, beginning with minimum wage laws and ending with schemes for social insurance against sickness, unemployment and old age, are distinct departures, as they will directly inhibit collective action on the part of labor.

It is important to realize that the reaction from minimum wage legislation has been slow in Australia because of the circumstance, fortunate for labor, of its own shortage. The experience of Australia with wages boards and compulsory arbitration, and the experience of Germany with state insurance, have together given us opportunity to judge of the psychological effect of such state regulation on labor itself.

A legal enactment, like shorter hours of work, is a state fiat which makes no bid or provision for labor's dependence on the state for future help. Moreover, as it applies universally it supplies a basis for collective bargaining. But minimum wages are not imposed as a state fiat, but through boards created for that purpose, or, as in New Zealand, industrial courts. With such machinery as a substitute for the collective

action of the workers on the one hand and employers on the other, the tendency of the workers is to turn to the method at hand. The invitation of the spider offers the fly the road of least resistance.

Social insurance, which is the reformers' cure for the evils resulting from capitalist and state control, in absence of labor control, sets the seal on the workers' dependence on the state. Its efficient administration demands a close state supervision and regulation of the lives of the people, which has been fully realized in Germany, and in Germany only. The result is a complete prostration of the German working people, and a subservience to state control which at the present time needs no elaboration.

STATUTORY MINIMUM WAGE[1]

As usual, especially when the rights or obligations of labor are concerned, there have been, in the discussion of this question, much confusion of terms and much playing upon words, both by the layman and by the lawyer. We read much of "the right of workers to receive the necessaries of life," of "living wage," of the "minimum cost of living," of "wards of the state," and of "public welfare"—and other phrases, the very enunciation of which is too often assumed to conclude an argument.

It is one thing to say that an individual has a right to be sustained in health and comfort, and to have that right supplied by the state or by the community in which he lives; and another thing to assert that that right is one which must be supplied by the person who happens at any time to bear the relation of employer to the one asserting the right in question. It is one thing to say that higher wages, in any particular occupation, would benefit a large number of the community, and therefore would benefit the community itself—that is, would promote the public welfare; and another thing to assert that, for that reason alone, the state can and should legislate higher wages in private employment, and that such legislation must be upheld by the courts.

[1] By Rome G. Brown. Case and Comment. 22: 281-8. September, 1915.

The Statutory Minimum Wage Defined

The compulsory minimum wage statute, such, for example, as that of Oregon, compels the employer in any occupation to pay, and compels the employee to demand for her work—regardless of the efficiency of the employee, or of the worth of her work to the employer, or of the ability of the employer to pay—at least a wage equal to the amount necessary to furnish to the worker the cost of living in health and comfort. This minimum wage, it is provided, shall be fixed as to each occupation by a commission; and when so fixed and promulgated, any employer in that occupation who pays less to any worker is subject to the penalty of imprisonment or fine, or both. Such are the statutes of Minnesota, Wisconsin, Colorado, California, and Washington, and others of the states mentioned. In Utah no intervention of a commission is provided; but the statute fixes a flat minimum rate for women workers. In Massachusetts and Nebraska there is no penalty of fine or imprisonment for failure of the employer to meet the requirements of the statute. He is published, under state sanction, as a recalcitrant, and the publication of the official list is made compulsory upon newspapers. This latter sort of statute has been termed the "noncompulsory" minimum wage statute.

Compulsion by Blacklisting

But such a statute as that of Massachusetts is, in effect, most obnoxiously compulsory. In its practical application it is more repugnant to the business sense of the community, as well as to established law, than the apparently more drastic statutes of Minnesota and Oregon. This could not, as well as now, be said of the Massachusetts statute a year ago, before its viciousness had been demonstrated by practice. The state commission and its wage boards become mere instruments for carrying out the demands of the employees. In terms, the statute affords employers a hearing upon the question of the reasonableness of the wage fixed and of their ability to pay. In practice, all such considerations are cast aside, including evidence of facts, except in so far as they accord with the preconceived notion as to what the wage should be in order to give to the employees all that they demand, and to take

from the employers irrespective of their ability to pay. If an employer fails to pay the wage fixed, he is published throughout the state. The statute makes it a crime for any newspaper publisher to refuse thus publicly to blacklist an employer. He may be compelled thus publicly to hold up to censure his own relative, or his best paying advertiser—or even himself. Such a statute holds over every employer the threat of an official public blacklist and boycott, more severe and more damaging than any private boycott ever established.

Again, in practice, the Massachusetts statute results in discrimination. Its wage boards and commission fix different wages for different occupations, and even for different classes of employees in the same occupation. As the wage is fixed irrespective of the earning capacity of the employee, and is theoretically based upon the *individual* cost of living, then why has one worker a right to a living wage greater than that of another? The fact is that, although theoretically computed upon the basis of a living wage, it is not computed at all. It is simply fixed for each class, from time to time, as the various boards are influenced by the demands of the employees. Moreover, each wage, when fixed, is only a stepping-stone to a higher wage. Each class of employees is constantly seeking an increase, regardless of any basis of computation, and particularly regardless of the worth of the employee to the employer.

Experiments Elsewhere

The advocates of the minimum wage never fail to cite the so-called minimum wage statutes of New Zealand, Victoria, and England, as demonstrating both the economic advisability and the constitutionality of such statutes in this country. The experience, however, with these statutes in other countries does not support the claims made, either economic or otherwise. They are there confined to comparatively few industries, and apply to a very limited number of workers. After ten years' experience in Australasia with the statutory minimum wage, the British expert, Mr. Aves, who was sent by his government to examine conditions, reported that the experiment in those countries would not justify the adoption of a compulsory statute in England. From the legal viewpoint the enactment and enforcement of minimum wage statutes in England and in Australasia establish no precedent or authority for that sort

of legislation in this country. Those countries have no limitations upon the power of legislation such as exist here, the very existence of which here makes our form of government what it is, a constitutional democracy with express written limitations upon legislative powers—limitations which were established and are maintained to preserve to every individual, beyond the danger of encroachment by legislatures, his fundamental rights of liberty of contract, the right of property, and the right to be protected against arbitrary oppression or confiscation. In those countries the power of the legislature is paramount. In our country the power of legislation is expressly limited; and the fundamental constitutional law is paramount.

The Liberty of Contract

The minimum wage statute says to the employer: You shall not employ, or contract to employ, a worker in your industry, except on the condition that you shall pay not less than so much per week. At the same time it says to the employee: As a condition of your making a contract to work in any occupation, you shall demand that you receive so much per week. Neither party can take into consideration any element except the mere fact that a state wage commission has fixed the price for work. It matters not that the employer could not pay such employee, and others of the same class, the wage fixed, and remain in business. It matters not that the employee in question is incapable of performing work which is a fair return for the wage fixed. Both are barred, under penalties, from making a contract which they mutually desire to make, and which would be for their mutual interests. If a different contract is made, then the statute steps in and changes the contract and compels enforcement as so changed. We have, then, a statute which, from the viewpoint of the employer, not only infringes his right of contract but also deprives him of his property without due process of law. We have a statute which, from the viewpoint of the employee, deprives him of his right to work and to make contracts for his work, and which therefore compels him to stay out of work unless he shall obtain a contract containing the prohibitive terms imposed on him. Such legislation encroaches upon the rights of individuals in the conduct of their private affairs.

In the recent case of the Great Atlantic & Pacific Tea Co. v. Cream of Wheat Co. (decided July 20, 1915, by Judge Hough, in the United States District Court of the Southern District of New York), the right of a manufacturer to refuse to sell his goods was held paramount to any statutory prohibitions. It was held that the Congress could not give to one party the right to compel another party to sell goods of the latter's manufacture. In the words of Judge Hough: "If the Congress has sought to give one, the gift is invalid, because the statute takes from one person for the private use of another the first person's private property. Using the words 'sell or sale' conceals the issue. If a man prefers to keep what he has, an offer of money to salve the taking thereof does not prevent such taking from being confiscation. The Cream of Wheat Company is a purely private concern, except as regulated by its creating law; it is an ordinary merchant whose business is affected by no public use whatever. The statute as construed by plaintiff descends upon that private merchant, and commands him to make a contract by which he transfers his property for a price, but against his will. The contract and the price are legally mere surplusage—the constitutional violation lies in the compulsion, whereby he is deprived of his property for a private purpose. . . . Neither the nation nor any individual can take away its property with or without compensation for the private use of any one."

Not Within the Police Power

The minimum wage statutes in this country generally apply to women workers, although in some states they are also extended to minors and apprentices of either sex. Most advocates of a statutory wage base their claim of constitutionality upon the police power of the state. They urge, as controlling precedents, the various decisions upholding regulation of hours and of working conditions. Such advocates forget that "there is a limit to the valid exercise of the police power by the state," and that "the mere assertion that the subject relates to the public health does not necessarily render the enactment valid"; and that "a public welfare or public health statute, in order to be held valid as an exercise of a police power, *must have* a more direct relation as a means to an end, and the end itself must be appropriate and legitimate." Lochner v.

New York, 198 U. S. 45, 56; also dissenting opinion, p. 68, 49 L. ed. 937, 941, 946, 25 Sup. Ct. Rep. 539, 3 Ann. Cas. 1133.

However one may view the Lochner decision, this principle there announced, as to the limit of the exercise of the police power, has been consistently followed in all cases pertaining to the statutory regulation of occupations. The regulation of hours in *public* employment has been upheld as not involving the question of police power of the state. Atkin v. Kansas, 191 U. S. 207, 48 L. ed. 148, 24 Sup. Ct. Rep. 124. Regulation of hours in *private* employment, fixing maximum hours for men or for women in any occupation, has been upheld *only* because the particular occupations so regulated involve hazards to workers if longer hours applied. Holden v. Hardy, 169 U. S. 366, 42 L. ed. 780, 18 Sup. Ct. Rep. 383; Muller v. Oregon, 208 U. S. 412, 52 L. ed. 551, 28 Sup. Ct. Rep. 324, 13 Ann. Cas. 957. In all such cases the protection to the worker is one against hazards or needs which arise out of the employment in question, or which are peculiar, in such employment, to the particular class of employees to whom the regulation is applied. The factory acts impose expense and regulation upon the employer to protect employees against hazards of unsafe machinery and of unsanitary conditions of work—hazards only which are peculiar to the employment in question, and which arise out of the fact and nature of the employment. Again, workmen's compensation acts protect the employee at the expense of the employer against casualties arising out of and because of the hazards within the employment. All these statutes have been upheld only for the reason that, while enacted as an exercise of the police power for the protection of health, morals, and public welfare, they have, in their application, a real, substantial relation between the protection sought and the needs and hazards arising out of and because of such employment. The regulation of rates of common carriers, and other regulations of quasi-public enterprises, have no application here. Munn v. Illinois, 94 U. S. 125, 24 L. ed. 84.

The Statutory Wage Distinguished

But the need of a "living" is an *individual* need. It exists before employment, and during employment, and after employment. The need in question here is diminished during employ-

ment to the extent that the actual wage obtained contributes to the amount necessary to supply the cost of living. The hazards and dangers arising from this individual need are less during and because of employment than they are without employment. They are without real or substantial relation to the fact of employment or to any particular employment. Even if we admit the ethical and economic viewpoint, that each individual has a "generic" right to receive the full cost of living in health and comfort, it does not follow that another individual is or can be obligated to supply that need, simply because there is the relation between the two of employee and employer.

Here is the crux of the question, so far as the constitutionality of the statutory minimum wage is concerned. If the employer can by statute be compelled to supply in full this individual need, because the one to be benefited happens to be on his pay roll, then there is no limit to which the property of the employer can be taken to supply this and other needs which are purely individual. He could as well be compelled to provide sickness benefits not only for the employee but also for his children and for all dependent on him. He could be compelled to provide old age benefits for the employee and for his family. He could as well be compelled to submit to a division of his property with those who are or have been on his pay roll—all because such division would conduce to the health, comfort, and happiness of his employees, and because some legislative body has chosen to view such legislation and its enforcement as either immediately or ultimately conducive to the "public welfare."

Indeed, it is argued in support of these statutes that, when a legislature has enacted its economic views as to what is, or is not, for the "public welfare," then it is beyond the power of the courts to say that the legislature is not right; and further, that it is beyond the power of the courts to deny the pronouncement of the legislature that the regulations in question have a real and substantial relation to the objects professedly sought to be accomplished.

These Statutes Are Socialistic

What is or is not for the "public welfare" depends upon the viewpoint. Discussing the question as one which is purely ethical or economic, we may agree or differ without encroach-

ing upon questions which involve the stability of our form of government. The fact is too often overlooked, however, that when our government was established, its makers, wisely as most of us believe, deemed that it was and would ever be for the public welfare that the fundamental law should express certain limitations upon legislative power. That belief was written into our Federal Constitution. Any view of the public welfare, as an abstract proposition, which conflicts with the view thus established as the foundation of our government, must, until changed by constitutional amendment, be regarded as impossible of enforcement by the courts. The socialists would change our form of government; and they frankly admit that a radical change of the Constitution is necessary before their view of what is public welfare can be realized. They would establish a government under which the rights of private property, the sanctity of which is the very basis of our present form of government, are eliminated, and under which, by legislative action through majority vote, a division of property can be enforced. They would open the door to unlimited confiscation of private property by the state, and to such disposition of the same between property holders as the legislature shall dictate. While, however, our present form of government lasts, such arbitrary and uncompensated deprivation of private property cannot be brought about.

But it is precisely such sort of division of property which is the basis of the statutory minimum wage. It means a forced contribution by one person, or by one class of persons, to another person, or to another class of persons, to supply the individual needs of the latter. It is a forced contribution, under the guise of wages, as to every cent of wage imposed beyond the fair worth of the work furnished by the employee in return. The socialistic nature of these statutes is demonstrated by their advocates, who assert that an employer should be compelled to pay the full minimum wage established, even if it takes away all his profits. Indeed, they assert that, if he cannot pay it out of profits, then he should pay it out of capital. This means nothing less than a division of property itself between the one who has and the one who has not; and that, too, merely because one has and the other has not. Moreover, the same supporters of the minimum wage assert that, if the employer must, in order to pay the wage, pay it out of his capital investment, then he must do so, or resort

to the only alternative—that is, go out of business. They would then say good riddance to him, as a "parasite" on the community.

Economic Objections

The objections upon economic grounds are even more convincing. The statutory minimum wage puts an embargo upon home industries. Competition to-day is not confined to intrastate trade. Prices are determined by the markets of the entire country; indeed, of the world. Most manufacturers, and a great many wholesale and retail mercantile houses, have the larger part of their trade outside the limits of their own state. They have to meet competitors whose cost of production is not arbitrarily raised by an artificial wage cost. This means unequal competition as between home industries and those outside of the state, and also as against those of foreign countries. Any state which passes a minimum wage statute puts an embargo on its own industries in favor of extra-state competitors.

Again, the inevitable result of the enforcement of the minimum wage statute is to drive the worker out of employment, rather than to increase the advantages of employment. The employer cannot and will not for any considerable length of time keep employees on his pay-roll whose efficiency is below the standard of the fixed minimum wage. The employee is forbidden to work for what he can earn. The employer is forbidden to employ the worker for what the latter is worth. The inevitable result is that either the employer must go out of business or the employee must go out of employment; and if the former result occurs, then the latter inevitably follows. The worker who is not capable of earning the full minimum wage would nevertheless be glad to work for what he is worth. In many cases his wages are sufficient to support himself. Together with what other members of the family earn, there is obtained an ample fund to support all in health and comfort. But all such are driven from employment and kept jobless, unless, at their own expense and without the assistance of employment in the meantime, they shall achieve a standard of efficiency equal to that of the minimum wage.

Thus the arbitrary minimum tends more and more to be-

come the maximum, to the disadvantage of the skilled employees entitled to the higher wages. The statutory minimum wage tends to level all wages. This would necessitate another remedy, which would be consistent if a minimum wage can be fixed, and that is that all wages be fixed by statute.

Indeed, if the legislature can fix the price of labor in private employment irrespective of its worth, and irrespective of the ability of the employer to pay, there is no reason why the same legislature, upon the same principle, or lack of principle, cannot fix the price of all things which are now subject to private contract. It could fix prices of goods sold by the merchant, of the machinery which is sold by the manufacturer, and of all commodities.

Wages and Morals

Judge Catlin, of Minnesota, in the decision already cited, says: "But there is no reasonable foundation for holding this act to be necessary or appropriate to protect the safety, health, or morals of working women, nor is it reasonably calculated to promote the general welfare of the public in the manner claimed by its advocates. On the contrary, it is quite as likely in actual results to increase both distress and immorality, if morals are dependent on wages. Hence it is not a valid police regulation."

It follows, of course, that if insufficient wages during employment produce immorality, then lack of employment and the consequent lack of any wages would produce more immorality.

This claim that minimum wage statutes are protective of the morals of women workers was most sensationally asserted a year or two ago at the beginning of the minimum wage agitation in this country. But careful investigation has shown that there is no relation between wages and morals. The reasons are obvious.

Paternalistic Interference

The chief cause of the continued agitation for this measure, which is a menace both to the employee and the employer, is that many persist in advocating what the workers *think* they want, instead of instructing those whose interests they assume to represent as to what is really for their benefit. Such course

lends to the sensationalist an opportunity to indulge in sentimental platitudes concerning the hardships and needs of the worker and his failure to receive his proper share of the world's goods. Questions of charity are confounded with questions of law. The benevolence of the living wage, ethically viewed, cannot be disputed. For this reason the author of "A Living Wage," so long as he confined himself to purely ethical considerations, was unanswerable. Upon the economic phases of the question he was also to some degree convincing. In his book he expressly recognizes the fact (pp. 313, 314) that "changes in the Federal Constitution and in the constitutions of the several states would be a preliminary requisite to any such legislation." But later, in his speech at Ford Hall, in Boston, on February 7th, last, Father Ryan predicted dire results to the judiciary of this country if the Federal Supreme Court shall hold such legislation unconstitutional. (See the "Survey" of March 13, 1915, p. 660; also of April 10, 1915, p. 56.)

The sentimentally sensational viewpoint, which brushes aside with a catch-phrase or an epithet all considerations of law and economics, is presented by another writer of recognized ability in his way, but whose discussions of the subject serve only to exploit an extensive vocabulary and a somewhat exceptional gift at phrase-making. (See "The New Republic" of March 27, 1915, supplement; also of July 3, 1915, p. 221.) Such advocates as Walter Lippmann easily pass over the real essence of the controversy which is involved in the question of a statutory minimum wage. They choose not to see that the fixing of a minimum wage is of itself in a measure the fixing of a maximum wage, and that the fixing of a minimum wage by the legislature must in the end require, and at the same time justify, a legislative fixing of maximum wages, and that that must be followed by the statutory fixing of the prices of all commodities.

If the legislature can forbid an employee to contract with an employer for a wage commensurate with his ability, it can compel that employee to work for a wage that is less than is commensurate with his ability. The principle of compulsory wage necessarily involves the principle of compulsory employment. For that reason, besides others, the leading representatives of labor, and particularly of the trades unions, shrink

from the statutory minimum wage as a step toward slavery. Mr. Samuel Gompers, president of the American Federation of Labor, has so expressed his views in unqualified terms. President Wilson and others, who have studied the question from an impartial viewpoint, recognize that the ultimate tendency of the statutory minimum wage is to lower high wages rather than to raise low wages. They view such statutes as derogatory to the interests of the workers and of the community as a whole.

Such Statutes Unworkable and Unenforceable

It is unnecessary to detail the inconsistencies of the various statutes enacting a minimum wage, wherein a different standard of living is made the basis for the wage as to different classes of workers, all of whose actual standards of living are the same. Every wage commission and wage board has been confronted with unsurmountable obstacles in attempting to make practical application of these statutes.

Experience has proven not only that, from the viewpoint of economics, the minimum wage statute is unworkable and repugnant to the interests of both employee and employer, but also that, when applied, it deprives both the employee and the employer of rights of liberty and of property which are vouchsafed in this country by fundamental law.

ARBITRATION COURTS AND WAGES BOARDS IN AUSTRALIA[1]

A careful examination of the effect of these boards has hardly been made as yet. They were established when the industrial depression which clouded Victoria had reached its darkest limit in 1894-95. Wages were low; sweating was severe; the forces depressing labor were strong. The crisis led to a better organization of capital, to an extension of the factory system, to a development of machinery, to more protection. When agriculture prospered owing to seasonable rains, and the prices of wool subsequently rose, the industrial tone of Vic-

[1] From an article by J. Ramsay Macdonald, Member of Parliament. Contemporary Review. 93: 308-25. March, 1908.

toria was tuned to a higher pitch. Confidence returned, business enterprise became bolder. The establishment of the Commonwealth increased the area of Free Trade, the Victorian markets expanded, some of the artificial industries of the other states gravitated toward Melbourne, and the inevitable upward bound came and was maintained. At the same time, drastic factory legislation increased the tendency to organize industry in an economical way, to make labor more effective, and to crush out forms of industry on a low economic level. Some of these changes were: In 1893 the number of persons constituting a factory had been reduced to four, and in 1896 the definition was widened still further and the Public Health powers of inspectors enormously increased; old workplaces were condemned, hours of labor were restricted, women and children protected; workplaces, including houses where work was done, were registered and licensed; heavy penalties were imposed on employers for breaking these provisions. "I think," said one of the inspectors to me, "the Factory Law provisions for registration and sanitation have done quite as much as the wages boards to make Melbourne industry clean."

Thus there was brought into play a concourse of economic forces, in which wages boards held a place amongst several others, making for higher prices, better work, and shorter hours. It is difficult to disentangle from the whole concourse any one force and assign to it its accurate value, but to attribute, as is commonly done, to wages boards and the fixing of legal standards of wages practically all this improvement, is certainly inaccurate.

One of the reasons why so little discrimination has been used hitherto in giving wages boards their proper relative value amongst the causes of increasing wages in Victoria has been the annual factory inspectors' reports. In these reports a list of trades under wages boards is given, with the average wages paid before the boards were created and the average up to date. In these averages all kinds of wages, from those of foremen to those of apprentices, are lumped, and apparently no account is taken of broken time; and the suggestion—quite unwittingly conveyed, I am sure—is that the movement is due solely to wages boards. We have here a blend of a false statistical and economic method.

In trying to unravel from the mass of entangled evidence

some clear idea of the effect of wages boards, one must first of all begin by dividing the problem into two sections. In the first place, what has been the effect of the boards upon sweating and on wages paid to the disorganized workers—disorganized either because their work was carried on in a disorganized way, i.e., homeworkers, or because they had defied all efforts to bring them into trade unions? In the second place, what has been the effect of wages boards upon the wages of factory and organized workmen?

The conditions of these two sections of workers are quite different from each other. The organized worker not only offers a steady pressure against reductions and in favor of increases but vigilantly watches for breaches of agreements. He both demands and enforces favorable decisions. Moreover, his work is definite, and though particular statements regarding it may be long and detailed, he understands them and they are easily enforceable. These conditions do not exist in the sweated and disorganized trades. The Australian experience is that the enforcement of determinations in these trades is left to the factory inspectors. The happy-go-lucky assumption that if you fix a standard price for work every sweated woman will become alive to her own interest and protect it, is inspiring, but it is not sweated human nature. The idea that the sweated woman will see that she is paid her proper wages' rate is absurd, more particularly when she is working against machinery and when she can barely drag work out of its greedy and cheap clutches.

When we turn to the effect of wages boards on the price paid to organized labor, we come upon totally different ground, and are brought face to face with totally different problems. In some of the sweated industries we have examples of simple exploitation. When we know of articles being sold for 10s. or 15s. of which the cost of material may be about 5s., and which bear only a few pence as the cost of making them, everybody will agree that wages' rates might easily be raised without increasing cost to consumers, without altering greatly our existing mechanism of exchange. That, however, is hardly the case in factory industry. There profits rise and fall according to the state of markets and to the severity of competition, but rarely by a sweating exploitation of labor. Large profits are piled up not by selling with great profit margins on

any one thing, but by selling many things on small profit margins. This comes about in accordance with the law of economy which is steadily moulding industrial organization. According to this law the amount of the circulating medium called money becomes small in relation to the volume of commodities for which it can be exchanged. This means low nominal wages but high real wages. Labor ought, therefore, to concentrate its attention upon real wages—the price of its necessaries of life—rather than on nominal wages—the price of its labor power.

The effect of wages boards in factory labor, in so far as they do more to increase wages than can voluntary conciliation boards, is only to force up the price of labor power, and by that to heighten the standard of exchange all round and increase the dangers of foreign competition. Protection in some shape or form must inevitably follow, not only to preserve the home market but the foreign one as well, and the Protective wall must be so high as not only to prevent the foreigner coming over it and undercutting the producer for home needs, but to allow such producer sufficient profit on the home market to enable him to export a substantial amount of articles at prices lower than are paid for them by the home consumer. Applying a wages board to factory industry is like putting a penny in the slot of the Protective machine. Protectionists have then only to pull a handle and become possessed of their desired packet. Thus Labor places itself in the vicious circle of Protection with its nominal benefits but actual losses.

An economic system is like a machine. It can be speeded up, but only to a certain point. Beyond that it breaks down. An attempt to redistribute wealth by raising wages will be successful in reality, within a Free Trade area, by trade union methods and voluntary conciliation boards; it will be nominally successful for a time by compulsory arbitration and similar devices within a Protection area, but will ultimately break down because, to quote Mr. Tregear's words again, it will be "neutralized by malignant collateral action."

THE LEGAL MINIMUM WAGE[1]

While much is to be said in favor of the contention of the new school of economists that there is just as much reason why the "police power" of the state should be invoked to fix a minimum wage as to fix hours of labor, sanitary conditions of employment, etc., yet there is a difference. The wage question is subject to an economic law—that of supply and demand. Granting equality of bargaining power between employers and employees, there is still the law of supply and demand to be reckoned with; neither side can control that law, but that law affects wages. The state can absolutely enforce its decrees as to the physical conditions and environments of labor; but it cannot do that as to wages under certain conditions—human nature would refuse to submit to this straitjacket whenever the situation called for the violation of the law. This is the case in New Zealand and Australia even in a period of phenomenally good times; and there is a wide feeling that the state regulation of wages in those countries will break down when bad times come, as they are bound to come. Until these laws show that they can stand the stress of adversity, they must be counted as experiments only.

Without going into a statement of the two British minimum wage laws, it should be pointed out that, owing to their limited sphere of action and to the fact that they apply exclusively to peculiarly exceptional conditions, they do not afford any reliable basis for a judgment as to what the effect would be if the principle were applied to the general field of industrialism, under approximately normal conditions. The British Government ventured on the experiment with the confession that it was meant to cover abnormally distressful conditions, and any intention to establish a general system of state regulation of wages was specifically repudiated.

The cautious, tentative attitude of the British Government in enacting minimum wage laws is largely owing to the very guarded and qualified report of Mr. Ernest Aves, the expert it sent to Australia and New Zealand to study the system in operation in those countries. In this report Mr. Aves draws attention to a fact which is generally lost sight of by advocates of the legal minimum wage in this country; namely, the small

[1] From an article by James Boyle. Forum. 49: 576-84. May, 1913.

number of workers affected in Australia as compared with England or the United States. He says that "as regards the numerical features of the problem, it has been almost as though the whole machinery of propaganda and of government were concentrated on a city something smaller than Birmingham." Think how huge the problem would be in such a vast and varied country, industrially, as the United States!

The largest and most influential organization of American trade unionists—the Federation of Labor—is not in favor of the legal minimum wage, although of course it is strenuously devoted to trying to secure a living wage for all its members. Some years ago Samuel Gompers, the president of the American Federation of Labor, debated the subject of a living wage with Edward Atkinson. Mr. Gompers took the position that a minimum living wage should be recognized as a principle and rule of life; but he took the trouble to say in his opening: "I trust no one misapprehends my position so far as to believe that I favor a governmental enactment of a 'living wage' for wage earners in private employ, for, as a matter of fact, I recognize the danger of such a proposition. The minimum would become the maximum, from which we would soon find it necessary to depart."

The case in favor of a legal minimum wage for women in certain lines of employment is unquestionably a strong one. The same may be said in regard to men whose labor is unfairly "exploited" and whose compensation is admittedly flagrantly below value, but who are in too helpless a position to secure reasonable compensation. These are obvious exceptions, and the spirit of the times justifies exceptional treatment of them. But it is submitted that, outside of these exceptions, the evidence up to the present is inconclusive as to the success or the desirability of the legal establishment of a minimum wage.

LEGISLATIVE MINIMUM WAGE[1]

The legislative minimum wage has so far been enacted, in the United States, mainly in the agricultural states of the West— states whose farm crops during the past few years have been singularly prosperous (with unusually good prices)— the exception outside of the agricultural states being the industrial State of Massachusetts, a commonwealth which would naturally tend to lead in providing for the welfare of its women, as it is known to economists as a "she" state because of the predominant number of females over males, in the total population. Moreover, the question of legislative minimum wage has been restricted, in the United States, to the regulation of the wages of women and minors, on the theory that they are wards of the state. In England, so far as the manufacturing industries are concerned, the same thing is true, in practice at least, for the few industries so far affected by the new laws (except mining) have been those in which women and girls, almost exclusively, are employed. Australia and New Zealand are the only countries in which the application of the minimum wage is quite general in the manufacturing industries.

The Australasian Experience

The experiences of Australia and New Zealand have a negative value so far as real industrial communities are concerned. These are pastoral, rather than manufacturing, countries. These population, totaling about the same as that of Ohio, is scattered over an area much greater than that of the United States. Their remarkable prosperity is derived from the production of wool, butter, meat, etc., the "primary products," and mining (formerly leading the Transvaal for the production of gold). Their manufactures, per capita, are only one-fifth, in value, of those of an equal number of people in the United States. Though one-half of the population of these southern countries lives on the production of wool alone, not two per cent of this valuable product is manufactured in the Commonwealth or the Dominion, despite the protection afforded by custom tariffs and by ocean freights.

[1] Report of the Industrial Betterment Committee of the National Association of Manufacturers, published in the Report of 20th Annual Convention. 1915.

Strongly intrenched, economically, through agricultural and pastoral prosperity, Australia and New Zealand have vainly attempted to legislate *industrial* prosperity. Nowhere is more industrial unrest to be found; nowhere more industrial strikes in proportion of population; nowhere more dissatisfaction among both workers and manufacturers than in Australia and New Zealand.

While the Australasian Commission of the National Association of Manufacturers was in these countries (March to June, inclusive, 1914) it was given evidence daily to the growing dissatisfaction of the workers with their numerous boards and wage "awards," and the members were besieged on every hand by local manufacturers who wanted to get out of the manufacturing business and to take up importing or some other line of activity.

It was not the minimum wage law alone that caused this dissatisfaction, as that really cuts very little figure in a non-industrial country, whereas in the United States it would be much more burdensome to the workers and much more bothersome to the manufacturers—but the avalanche of laws of all sorts attempting to bring industrial prosperity through artificial regulations has so smothered the industries of those countries that all are suffering alike from the strangulation—the workers, of course, more than the investors or the entrepreneurs.

In another essential teature these countries differ from America—their population is almost altogether white, and very homogeneous—the immigration laws prohibiting the black man, the red man, the brown man and the yellow man from entering the country (except in unusual circumstances, and under bond to depart within a brief time). But the "white man's paradise" has proven to be a fool's paradise, industrially, because it is hedged about with artificialities.

Minimum Wage in England

In England the Trades Board Act, providing for the creation of boards for certain trades, to fix minimum wages, went into effect January 1, 1910. The object was to do away with "sweating." The trades immediately affected were: ready-made and custom tailoring, paper-box making, machine-made lace, net finishing and mending, lace curtain finishing and certain kinds of chain making. The workers in these trades are mostly

women. The trade boards having charge of the wage schedules are composed of representatives of the employers and of the workers in equal numbers, with three members appointed by the British Board of Trade. Appeals are carried to the Board of Trade.

The chain-making industry was localized, so it was comparatively easy to regulate. The tailors were largely able to evade the provisions of the law. The absence of foreign competition in some of these trades simplified the problems. The application of the law, however, led to a large percentage of unemployment, until the war conditions intervened to raise all wage scales automatically. There is no general agreement that England's latest minimum wage experiment has been a success, nor is there yet enough experience to encourage an imitation of this experiment.

A Demoralizing Experiment

The Electrical Review (London) for April, 1914, states that the legislative minimum wage "has proved to be a most demoralizing and dangerous experiment in legislation. It is demoralizing because it has made the poor workman into a pauper, and as such he is losing the little self-respect he had when he knew his livelihood depended somewhat upon his own efforts; it has made the good workman careless and discontented; and—and this is the worst feature of the lot—it is spoiling the youths engaged in the mines, by teaching them that, if they only make themselves sufficiently obnoxious to the community they can enforce any demand they care to make."

The Massachusetts Experience

Up to the present time the only state in the Union which has had any real practical experience in the application of a minimum wage in a manufacturing industry has been Massachusetts. In that state the law has so far been applied only in the brush-making industry (a decree has been issued fixing a wage scale in the confectionery industry, but has not yet been applied).

The application of the minimum wage law to the brush-making industry in Massachusetts has led to the following result: Practically every employee affected by the law has been discharged.

The brush-making industry is by nature one which can employ only the cheapest type of labor, as the competition is with Japan and other countries where low wages are paid. But the industry did employ a number of individuals many of whom were suited for little else.

A familiar cry of the sentimentalists who would regulate economic laws by state intervention, as easily as they would lay down the rules for baseball, is voiced in the words of a writer in the New Republic for March 27, 1915:

"It is very well to say of a woman that 'she is working for her living,' but, suppose she is working and not making her living, what are you to say then?"

In the light of the Massachusetts experience the best answer is in the form of another question, viz.:

Suppose she is *not working,* does that help her to make her living?

A foolish question? No! An investigation of what had become of the workers discharged from the Massachusetts brush-making industries because of their inability to earn the minimum wage (an investigation conducted by the National Association of Manufacturers in cooperation with the United States Commission on Industrial Relations) showed that 67 per cent of the workers so discharged were still unemployed at anything at the end of February, 1915, though the majority of them had been "released" shortly after the new law went into effect in August, 1914. Ten per cent of the total number investigated (eighty-six investigated and furnishing data) were employed at slightly better wages than received in brush-making; 16 per cent were employed at *less* wages than were received in the brush factory, one of those reporting that she has only occasional work, from a charitable institution. The remaining 7 per cent (approximately) were "at home"—two of them "married," one "working for nothing to learn the automobile business."

The following signed statement was issued by one of the largest brush-making concerns in Massachusetts:

In the year 1914, we were unable to retain in our employ over seventy-five women and minor workers, who we considered were not competent to earn for us the wages decreed by the Minimum Wage Commission of this State.[1]

[1] The number given was not the total number who "left," but simply the number discharged because of this particular law.

Another large brush-making concern in Massachusetts wrote:

> It has been necessary recently to discharge some of our employees, and of course in doing this we have allowed those to go that we considered of the least value.

Another factory, employing thirty, let four go who were affected by the law.

Another concern making a certain kind of brush that demands highly skilled labor was not affected by the law, except to the extent of a few cents in the wages of two or three workers, which matter was readily adjusted.

Some Statements of Workers

Names of those discharged because of the new conditions were readily obtained and the cases investigated as above stated. The following are some of the statements made by discharged operatives, still out of work:

1. "We were better at smaller pay and steady work."
2. "My opinion of the minimum wage is all right if you can get work at that wages, but most people who get that wages are layed off and they hired girls they don't half to pay so much to." (Apprentices.)
3. "I would like to be employed back at the —— Brush Factory."
4. "I don't approve of it very much," (i. e., the minimum wage law).
5. "Very low." (Meaning that she has a very poor opinion of the law. This girl was earning six dollars when dismissed, and now is able to get only three dollars a week.)
6. "I do not think it did me any good, for I have had to loaf ever since it came into effect."
7. "I will lick (i. e., should like) to have my position agian (again) if you please."
8. "The employers lay off the old hands, giving as a cause 'over-production,' 'lack of work,' etc., yet put on green help at the minimum wage [apprentice wage.—Ed.] and the old help is never called to report for work again."
9. "My opinion is that we don't get enough of pay for our labor but what can you do I would be glad to get $5.50 again ½ loaf is better than no bread."

There were several letters praising the law, even from girls who had been out of work for months on account of it, but who evidently did not realize that it was responsible for their condition of unemployment.

Will Increase Problems

The application of the minimum wage is fraught with peculiar difficulties in the United States. Unless all States adopt

identically the same scale in the same industries, there will be constant inequalities between markets producing the same product. Neither can we forget the nature and structure of our form of government, which does not naturally nor cordially adapt itself to a multiplicity of bureaucratic boards. It is admitted that the wage must be fixed in view of all economic conditions in the particular community and trade. If this is true it will necessitate practically a commission for every trade in every state, and, in some, district boards as well. The army of officials thus to be supported, the political influences which would doubtless be brought to bear, and the bureaucratic character of the proposition find no parallel in our experience.

Counter Propositions

In the development of this subject we have endeavored constantly to point out, where it was possible, the real causes of the evils complained of, and so in a measure to indicate possible remedies. We are quite aware that the problems of public education (and particularly industrial education) are being thrust upon us faster than the state has evidenced an ability to handle them; that the working out of these problems requires infinite patience, as well as a generous spirit of support on the part of the state. When, however, we measure the progress that has been made in education within the past decade, and also the possibilities which are open to us through reform movements for eliminating the wastes due to intoxication and other social evils; when we consider the disturbances which panics and wars and factors beyond our control have made upon our material progress; and when we attempt to estimate the effects of the providing of wider opportunities for creation and for physical and moral growth; when, finally, we, as manufacturers, take stock of the abilities which employers have developed to increase the efficiency and the productive power of their employees, we are not altogether discouraged or disheartened at the prospect of finding through one or all of these sources remedies which will be far more effective than the minimum wage in raising the living conditions of laboring men and women throughout the United States.

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